

THE
**NATION'S
BUSINESS**

November

1

University of Michigan,
General Library, Mich.
Ann Arbor.



I'm Not Fighting Business

—The ATTORNEY GENERAL

What's Ahead for Industry

By BENJAMIN STRONG

"American Isolation Is a Dream"

Says REGINALD McKENNA to SILAS BENT

The New Boss of the Budget

By JAMES B. MORROW

What the Fordney Tariff May Do

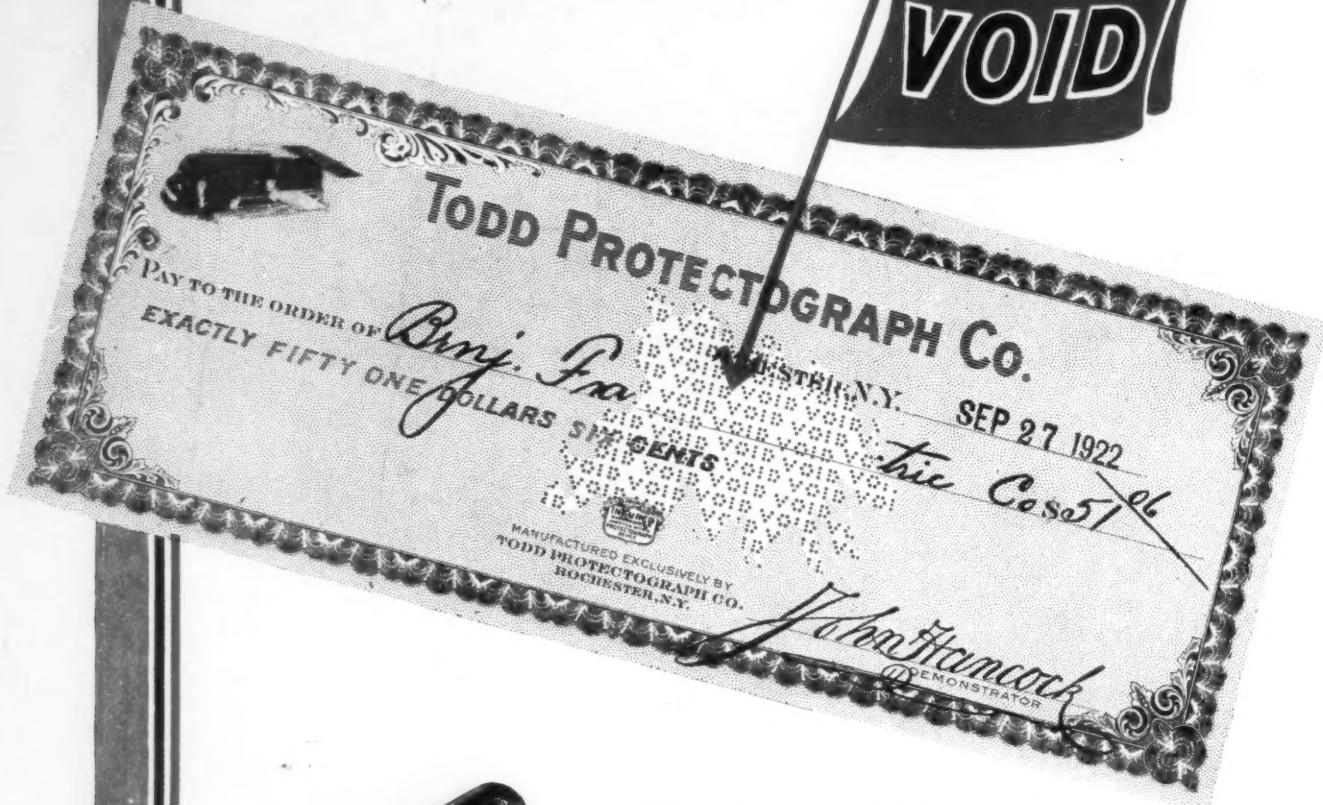
By CHAUNCEY DEPEW SNOW

25 Cents

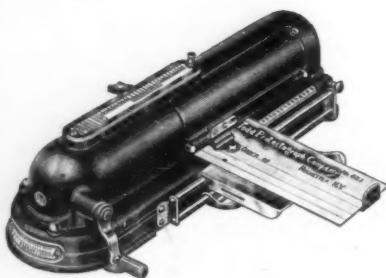


The Danger Signal

VOID



The instant the forger
tries his ink remover—**VOID!**



Protectograph Check Writer shreds full amount in word, Dollars and Cents, in two colors (Todd Patent).

EXACTLY SEVEN DOLLARS NO CENTS

When purchased without PROTOD checks, Protectograph Check Writer carries \$10,000 insurance on amount only.

Pin this coupon to your business letterhead for samples showing the magic "VOIDS"

Todd Protectograph Co., Inc., Rochester, N. Y.
Send me sample checks and booklet
"Science Solves the Forgery Problem."
Name.....
N.B. 11-22

Always Green on the back. Choice of colors for the face.

Lithographed or printed to your specifications, under rigid restrictions like Government paper currency. No chance for even a blank sheet of PROTOD-Greenbac to fall into improper hands—scientific protection against forgery of your signature as well as alterations on the check.

Backed by \$10,000 forgery insurance policy, when purchased in connection with Protectograph Check Writer, covering you and your bank, jointly, against loss or lawsuit.

TODD PROTECTOGRAPH CO., INC.

(Established 1899)

1174 University Ave., Rochester, N. Y.

Pioneer makers of check-protecting devices and forgery-proof checks

TRUSCON

STANDARD TRUSCON STEEL CO. **BUILDINGS**



Less than \$1.00 per sq. ft.

for this permanent building with steel windows and doors

The building illustrated is 64 ft. x 150 ft. with clear height of 11 ft. inside bays and 24 ft. in center bays. The price covers this modern all-steel building erected complete (except floor and foundation)—a fireproof building daylighted and ventilated by wide expanse of Truscon Steel Windows, with monitor sash mechanically operated. (Price also includes 50c freight rate.)

Many Truscon Standard Buildings cost even less than the one here illustrated—all give corresponding savings over other forms of permanent construction. Furnished in many types (some illustrated below) in any size, and with any desired arrangement. These buildings are used for the widest variety of purposes, including factories, warehouses, foundries, oil buildings, railroad buildings, offices, shops, and also auxiliary buildings.



Tell Us Your Problem

And we will quote you price on a building to meet your needs exactly. Write now while prices are low.

Remember you pay only our factory cost plus one overhead, plus one profit

TRUSCON STEEL CO.
YOUNGSTOWN
OHIO

Warehouses and Sales
Offices in Principal Cities

Memo

*to write to Truscon
Steel Co., Youngstown, Ohio,
Dept. NB-11 about building problem.*

"Red Baby"



The Nation's Service Truck

If you could get a long-range bird's-eye view of this vast country of ours, the landscape would lie before you like a patchwork quilt of fields. From ocean to ocean the millions of fertile farms lie side by side, eternally growing food-stuffs for human beings.

See the many denser centers of activity, with smoke plumes rising everywhere like tufts on the patchwork quilt. These are the cities, the crowded places where live Manufacture and Commerce and Traffic. These thrive only when Agriculture smiles, for Agriculture mothers the world. Our nation's life grows up out of the soil—let no man forget that.

Agriculture smiles her best when Service is at her command. Her millions

upon millions of farm machines must be kept at work. Her power equipment must not fail. Her methods must keep pace with the times.

Now, if you will look again, very closely down on the scene, you will see a far-flung network of service establishments for Agriculture. These are the farm machine headquarters of McCormick-Deering dealers, men who have a broad conception of service in business and who carry it right to the homes of their customers. Thousands of these dealers have equipped themselves with International Speed Trucks like the one pictured on this page—trucks which, because of their flaming red color, speed, and snappy lines, are popularly called "Red Babies."

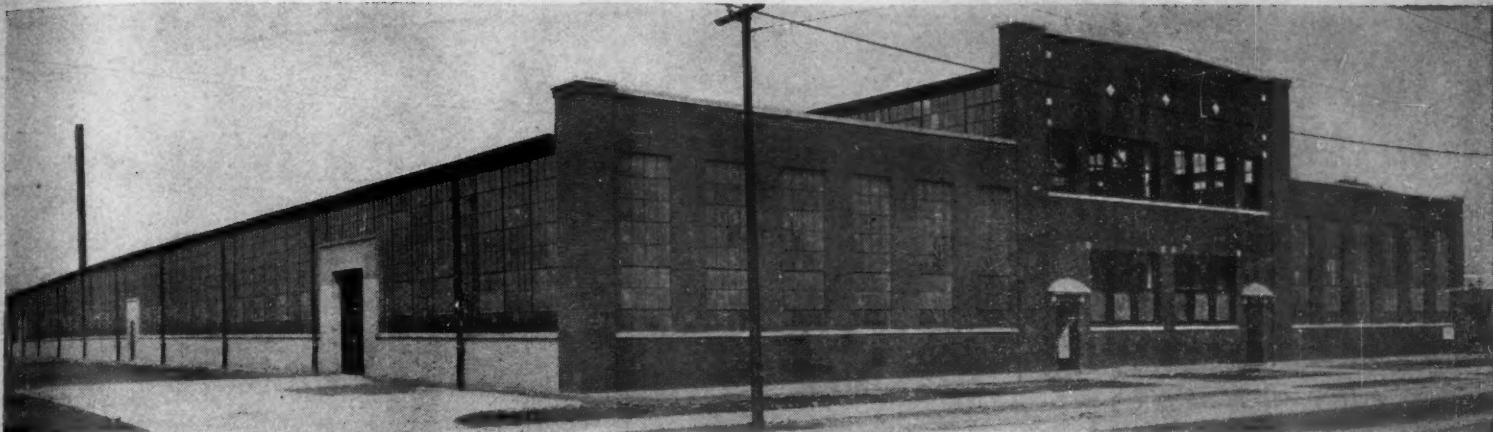
This army of "Red Baby" Service Trucks is carrying service to the most distant farms, upholding the Harvester Company's ninety-year reputation as the chief servant of Agriculture in the invention and building of time and labor-saving machines and power equipment. These trucks are ever on the road, hurrying at the farmers' beck and call, distributing efficient equipment, information, and useful aid, carrying into all communities the methods that increase production and wealth—a service unsurpassed in any field of activity.

The "Red Baby" of the McCormick-Deering dealer is working in the interest of every man, woman and child in the land. It is rightly named "The Nation's Service Truck."

INTERNATIONAL HARVESTER COMPANY

CHICAGO **OF AMERICA** **(INCORPORATED)** **USA**

93 Company Branches and 15,000 Dealers in the United States



McDonald Machine Co., Chicago. An Austin No. 10 Standard Building. (See cross section below.) 80,000 sq. ft. of this type can be built in 60 working days.



Interior of McDonald Machine Co. plant shown above. Note broad unobstructed aisles well lighted and ventilated.



Turbine Shop of General Electric Company, Schenectady, N.Y. An Austin No. 3 Standard Building raised for crane operations.



Large plant for the Jarecki Chemical Company, Cincinnati, designed, built and equipped by The Austin Company while the existing plant was in operation.



The new edition of "The Austin Book of Buildings." See coupon opposite.

Have Your New Factory Building When You Need it

Do not lose big profit opportunities simply because you lack facilities. You can easily make up much of the time lost during the recent difficult business conditions and place your business in an advantageous competitive situation by having increased facilities quickly.

Through the Austin Method you can plan to have your new building by a certain date with the assurance that it will be completed at that time and within the estimate. Large stocks of materials on hand, standardized designs and an organization of trained men thoroughly familiar with the Austin Method of construction makes this possible.

Whatever your building requirements may be Austin experience of half a century applied to your problem will result in a structure that is economical both in design and in final operation.

The scope of Austin service is world-wide and includes the design and construction of single story and multi-story types.

If you are considering the profitable advantages of branch plant and warehouse operation you will find an Austin Branch Organization in every section of the country fully prepared to give you the same prompt and complete building service—which includes engineering, building, and equipment. All or any part of this Austin service is available to you.

Wire, phone or use the coupon.

THE AUSTIN COMPANY, Cleveland Engineers and Builders

CHICAGO DETROIT PITTSBURGH PHILADELPHIA DALLAS
NEW YORK ST. LOUIS SEATTLE BIRMINGHAM
THE AUSTIN COMPANY OF CALIFORNIA, LOS ANGELES

The following partial list of various plants erected will give you some idea of the scope of Austin Building Service:

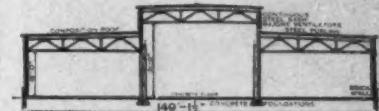
Storage Buildings	Engine Houses	Mine Buildings
Cement Plants	Weave Buildings	Public Utilities
Rolling Mills	Garages	Paper and Pulp Mills
Foundries	Boiler Houses	Pipe Shops
Machine Shops	Fertilizer Buildings	Automobile Plants
Steel Plants	Bakeries	Textile Buildings
Power Houses	Laundries	Heat Treating Buildings
Forge Shops	Tobacco Warehouses	Printing Plants
Blacksmith Shops	Railroad Terminals	Seed Houses
Pumping Stations	Furniture Factories	Shoe Factories

AUSTIN

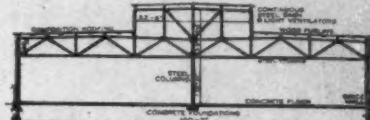
ENGINEERING BUILDING EQUIPMENT

N.B.11-22
Gentlemen: We contemplate the erection of a.....
building. We would be pleased to receive a.....
copy of.....
The Austin Book of.....
houses, are interested in.....
and appreciate.....
literature and information.
Firm.....
Individual.....
Address.....

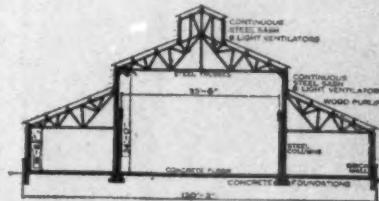
THE AUSTIN COMPANY, Cleveland



Austin No. 10 Standard Building: Width—149 ft. 1½ in. Length—Any multiple of 20 ft.



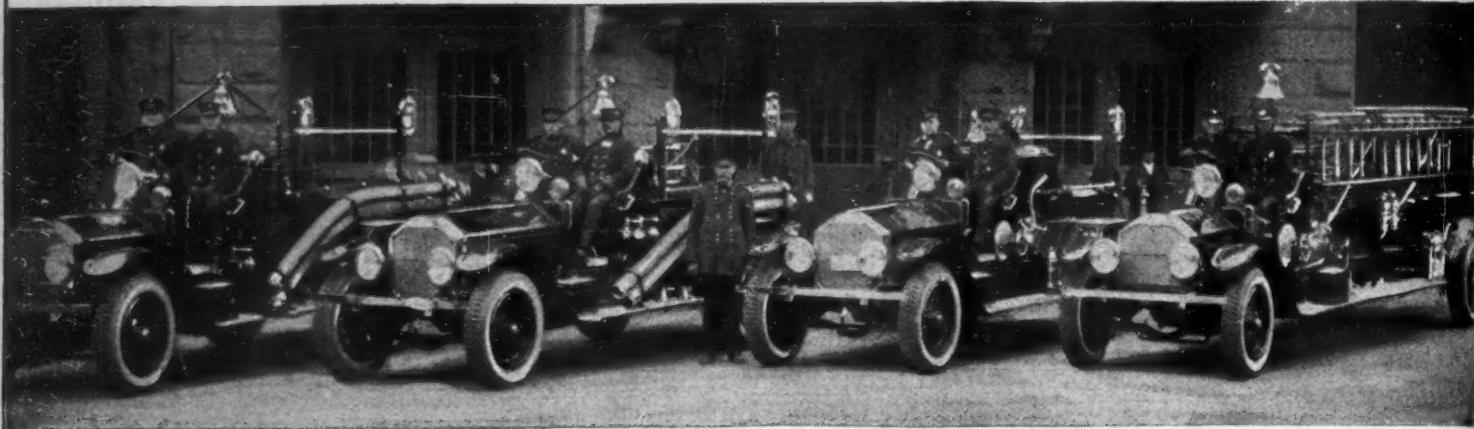
Austin No. 3 Standard Building: Width—100 ft. Length—Any multiple of 20 ft.



Austin Nos. 5, 6, and 7 Standard Buildings: Width Side Aisles all 30 ft. Center Aisle approximately, No. 5, 40 ft.; No. 6, 50 ft.; No. 7, 60 ft. Length—Any multiple of 20 ft.



Where Dependability is Demanded,



there you will find Miller Tires

WHEN five or six tons of mass are hurled along at top speed the tires that carry the load must have plenty of guts and backbone. None will dispute the fact that a fire truck must have the best tires. Treads must be made to hold the road, give perfect traction and enable the truck to speed up quickly and make sharp turns without the danger of skidding.

In all these important qualities the Miller Heavy Duty Pneumatics rank high. Their wide surface contact, their Geared-to-the-Road tread and their strong build are features

admired by many American city fire departments that use them.

During the past year 75 truck manufacturers adopted Miller Tires as equipment for their trucks. 115 other truck manufacturers supplied them when asked for. Many of the world's largest tire users, after thorough tests, have standardized on Miller Tires. Comparative service has proved their greater value.

You can save time and money by letting these experiences work for you. Sound judgment often takes years to gain. But here are the facts. Specify Millers and you can't go wrong!



THE MILLER RUBBER COMPANY OF NEW YORK, Akron, Ohio

miller Tires

REGISTERED U. S. PAT. OFF.

Geared-to-the-Road

November, 1922

THE NATION'S BUSINESS

5

Through the Editor's Spectacles

OUR GOOD friend, Mr. William Allen White, broadcasts from Emporia, (Kansas) the cheerful news: "Ladies and gentlemen, shake hands with Prosperity. She is here. None other. If you can't get on with her now it's your fault. And say, isn't she a daisy—really?"

GOOD times are here, truly. But there are danger signals. One of them was in the office just now trying to sell us two cars of paper. He talked low and mysteriously and finally whispered in our right ear that the supply was low and prices were sure to sky-rocket, but that he thought he could prevail on the company to let us have an extra car, etc., etc.

Such glad heralds of inflation, and all the evils in its train, should be muzzled. That way danger lies.

A PROPOS the inspiring narrative of Adolph and Herman, published in these columns last month, Morgan Hughes, a Farm Bureau Federation official in Kentucky, who returned from Europe recently with a report for the Government on agricultural conditions there, tells this one:

A soldier who had been in an asylum near Berlin, insane, since the World War, was released as cured and sent into town in an automobile. When he asked about the fare the chauffeur told him it was 60,000 marks.

"Why," cried the soldier in consternation, "I haven't but twelve gold marks in all the world."

"Give them to me," said the chauffeur, and disappeared. On his return he handed the soldier 240,000 marks.

"There's your change," he said.

The soldier's consternation deepened to despair.

"I thought I was cured," he said sadly. "Take me back to the asylum."

There is nothing funny about the chaotic state of German currency, of course; but sometimes we think that none but men more insane than this soldier ever was would resort to the printing press as a remedy for indebtedness.

DR. VERNON KELLOGG, of the National Research Council, who has spent the greater part of the last eight years in Europe, also commented upon the story of Adolph and Herman:

We in the United States think we know the attitude of mind of Europe. We can't possibly conceive it, or one-tenth of it. Your story illustrates the topsy-turvy situation. Age-old precepts are turned upside down; text book mottoes and the teachings of the Sunday schools and public schools appear ludicrous. Your story shows that thrift and industry come to distress and ruin. It was told in facetious guise, I realize that, but, nevertheless, it is very near the truth. There is a motto in Austria today, "die Flucht von den Kronen" ("the flight of the Crown"). It means if you have any money today, get rid of it. Don't hold it until tomorrow or it will be worth only half as much. Success depends on getting rid of one's money. Imagine, if you can, that doctrine suddenly applied here and you will get some idea of how the European mind is mystified.

THE article by the Undersecretary of the Treasury, Mr. S. P. Gilbert, Jr., outlining the Administration's financial policy, has attracted considerable attention through-

25 Cents a Copy

\$3.00 a Year

In this Number

	PAGE
Keeping Business Out of Jail..... ATTORNEY GENERAL DAUGHERTY	11
Plain Talk from McKenna..... By SILAS BENT	13
The Talk That Makes a Tariff.....	15
What Will That New Tariff Do?... By CHAUNCEY DEPEW SNOW	17
City Zoning Is Sound Business..... By JOHN IHLDER	19
Business and Human Beings..... By FRED C. KELLY	21
"Mr. Business, Meet the Public".... By ROSCOE C. MITCHELL	22
The Shopmen's Strike, Who Won It? By RICHARD WATERMAN	25
The Financier— <i>Verse</i> By WILLIAM ROSE BENÉT	27
Our Field Marshal of Figures..... By JAMES B. MORROW	28
Editorials.....	30
Cotton Has the Co-op Fever..... By O. M. KILE	32
Lost or Damaged in Transit..... By BENJAMIN RUSH	33
What's Ahead in Business..... By BENJAMIN STRONG	38
Business Conditions with Map..... By ARCHER WALL DOUGLAS	42
Nation's Business Observatory.....	44
When the Scrap Heap Is an Asset.. By E. W. McCULLOUGH	50
Log of Organized Business.....	53
In Good Times, Get Ready for Bad....By F. C. RAND	62
Avoiding Death and Taxes in China..By F. R. ELDRIDGE, JR.	69
Germany While Rolling in Money	
Has None..... By BASIL MILES	72

Vol. 10

THE NATION'S BUSINESS

No. 12

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

MERLE THORPE, Editor and Publisher

Managing Editor WARREN BISHOP	Associate Editors BEN H. LAMBE JOYCE O'HARA
----------------------------------	--

J. B. WYCKOFF, Asst. Business Manager	VICTOR WHITLOCK, Director of Advertising
---------------------------------------	--

RAYMOND BOWEN, Director of Circulation
--

GENERAL OFFICES: MILLS BUILDING, WASHINGTON, D. C.
--

Eastern Office, New York	Western Office, Chicago
--------------------------	-------------------------

Woolworth Bldg.	Otis Bldg.	Central Office, Cleveland
-----------------	------------	---------------------------

GEORGE K. MYERS	FRANK M. CROMMELIN	Cleveland Discount Bldg.
-----------------	--------------------	--------------------------

CLYDE A. STEVENS

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

out the country. Not only was the article widely reprinted but many editors took occasion to comment on it. Under the caption, "Economy or New Taxes" the *New York Times* says in a half column editorial:

In brief, he prescribes for Americans the same medicine which every bankers' congress has proposed for the betterment of public finance across seas. The only difference is that, in our case, the treatment is preventive rather than curative.

Then discussing Mr. Gilbert's warning of the danger of the budget becoming unbalanced unless the government expenses are kept down or federal taxes are increased, the *Times* continues:

The Treasury has set its face firmly toward debt reduction and thus brought our counsel to others into line with our own practice. Only by keeping our own finances solid can we qualify to lend abroad. Mr. Gilbert well says that the hope of foreign finance lies more in

sound currency and solvent budgets than in spectacular gold loans or transactions between Governments.

The *New York Sun*, commenting on the article editorially, says:

. . . Freed of the depressing influence that billions in government bonus pledges, negotiated in the money market, would create, the Treasury can hope to convert early maturing notes at advantageous rates. . . . The United States cannot afford to join the throng of countries where the public income falls short of the outgo; where the governments sink deeper into the quicksand of debt each year. Such a misfortune as for this nation to fail to support its government in this time of peace would undoubtedly damage the government credit to such an extent as to cost us more interest on converted debt. . . . Americans will sustain the Administration in its purpose to make both ends meet without the aid of further borrowing. . . . They are against "the hair of the dog that bit ye"; they see no cure by that

**Up Again
Down Again
Moved Again
All a Gain**

Buy a Prudential and bank the difference

Remarkable advantages for you in Prudential Buildings! Take down, move, put up again—all with 100% salvage. Add to, take from, sub-divide—all with minimum expense. All again for your business. Yet the **Prudential Steel Building** is permanent, weathertight, rust-proof. Its galvanized sheets require no painting. No wonder this modern way of low cost building has met with such hearty approval and general use by both old and new businesses. Complete facts will point the way to "all a gain" for you, too. May we send them?

Blaw-Knox furnishes Prudential Sectional Steel Buildings to meet all building needs. Little to big—fit any business wherever you need a roof. District offices and distributors in principal cities.

BLAW-KNOX COMPANY
632 Farmers' PITTSBURGH PA.

PRUDENTIAL Sectional Steel BUILDINGS

Cost Engineering (Denham Methods) Determines Provable Costs

Seven hundred users attest the practicability and profitability of DENHAM COST SYSTEMS.

FREE. The A-B-C of Cost Engineering, 116 pp., cloth, will be sent free to any General Manager or other factory executive on request. State nature of business and official position.

Address

THE ORIGINATORS OF COST ENGINEERING
DENHAM COSTFINDING CO.
COST ENGINEERING SERVICE
407N Sloan Building
Cleveland

Organizing a Company?

Save expenses and taxes by organizing on the popular, COMMON LAW plan under a pure DECLARATION OF TRUST. Any one, anywhere, can fill in DEMAREE STANDARD FORMS, issue shares and begin doing business at once. Insist upon DEMAREE FORMS, the original, nationally-accepted forms, approved and used by well known attorneys. Send for large, free pamphlet (D-14) containing much information that you will need. C. S. DEMAREE, Legal Blank Printer, 708 Walnut, Kansas City, Mo.

formula. . . . It comes down to this: that we must not increase the funded debt a penny at this critical time; that we must not break down production with much more taxation; and that we have left one alternative to limit safely avoidable costs of government, till better business swells tax receipts.

In similar vein the *New York Tribune* comments:

Mr. Gilbert says that it would be a calamity to impose additional taxes to meet the impending deficit. He points out that "the whole Administration is striving to reduce the deficit and, if possible, to eliminate it by the end of the year."

. . . The Administration will continue to trim sail. This policy is wholesome, for it strengthens the morale of the departments and turns their thoughts away from spending to economizing. The great revolution accomplished by President Harding in federal house-keeping has been in part psychological. That is the lasting part. It can tide us over deficits now and in the future. The miracle of the budget system has only begun when a Treasury official can contemplate a deficit of \$672,000,000 without despair and confidently predict its disappearance or its satisfactory deflation.

SUCH WIDE-SPREAD reproduction and comment as was given the Gilbert and Pepper articles last month brings to mind an expression once used by a friend of THE NATION'S BUSINESS, "As you gain a reputation for authoritative statement and public spirit you will have widening circles of influence." Experience proves that to be the case. Scarcely a day passes that we are not reminded of it. A telegram today from San Francisco is in point:

Would like to reprint Payne's article on "A Try at Government Ownership" from August issue of THE NATION'S BUSINESS for use in campaign against water and power act, a government ownership proposition now pending before the people of California. May we have your permission to use article? Wire reply.

And the same mail brought a request from the General Passenger Agent of the Dayton & Troy Electric Railway Company for permission to reprint President Markham's article "Complaints or Compliments" in the pocket edition of their time-table.

An estimate was made of the number of reprints from THE NATION'S BUSINESS circulated by friends during a six months' period, and the number was found to be in excess of two million.

SHEARING of the lamb is made difficult up in Allentown, Pa., because of the alertness of the Chamber of Commerce in that city. Its manager, Mr. James R. Kinsloe, in a letter congratulating Mr. Samuel Hopkins Adams on his article, "Don't Lend Your Name," which appeared in our September number, says that in passing on applications for membership in the Chamber a most searching investigation is made of applicants connected with stock-selling industries "to distinguish between the worth-while industry with stock for sale and the outfit which has stock for sale but very little industry in sight."

Mr. Kinsloe also sends along samples of the Chamber's display advertising in the Allentown newspapers warning citizens to "Investigate Before, Not After, You Invest," and offering to investigate any stock selling proposition for the prospective investor without charge.

AN INDIGNANT reader, whose indignation ran so high that we can't read his signature, sends us a clipping from an American shipping journal, which is very severe in its characterization of the officers

The report showed a total of 12 possible causes of fire, 3 conditions that would assist its spread, and a bit of neglect that would delay fighting a blaze.

When a Hartford Fire Prevention Engineer visited this large manufacturing plant, he reported:

4 cases where oily waste was not being cared for.

3 machines that were throwing oil on the floor.

5 cases of defective wiring.

3 stair enclosure doors blocked open.

1 fire-extinguisher with its nozzle gone.

Even if you are not a Hartford policyholder, we shall be glad to show you by examples how this Fire Prevention idea may be made practical. Write on your regular letterhead to

Department of
Special Service

**Hartford Fire
Insurance Co.**

Hartford, Connecticut
U. S. A.



*The Seal of Certainty
on a
Fire Insurance Policy*

There is a local agent of the Hartford near you. Shall we tell you his name?

November, 1922

THE NATION'S BUSINESS

7

in the American merchant marine. The clipping says that there has been "elevated to officer rank a large part of the scum and half-baked failures of the merchant marine who were both professionally and morally unfit," and later, "one of the greatest advantages the British have over the Americans in the matter of merchant shipping is the higher level of intelligence of their merchant marine officers."

We passed the indictment along to an American shipping man:

It is common knowledge that the difficulty of finding officers for our expanding merchant marine led to appointments that could not be justified under normal conditions. It will take time to create a body of men who will measure up to the highest standards of the British in respect of general intelligence and educational acquirements, although many of the officers of American passenger ships compare favorably with the best on British ships. This question of ship's personnel is only one of many that must be settled before our American merchant marine is permanently established. One step in the settlement is recognition of the fact that the education of the captain of a transatlantic liner should proceed beyond navigation and common school branches, as they are ordinarily taught in school ships, to a special course of instruction in the naval academy or elsewhere at government expense.

THAT critically discerning business man, William Feather, of Cleveland, Ohio, sends us a copy of a letter he wrote "more in sorrow than in anger," to a national publication and which we are glad to reprint for the good it will do in calling attention to the loose talk that goes on daily about distribution questions. Good taste prompts us to delete the name of our "loathed but esteemed contemporary," and the author. Mr. Feather wrote:

In your issue of July 8 Mr. Blank has an article about grocers and butchers, in which he makes the bold statement that a grocer must make 15 per cent on his invested capital to stay in business, and a butcher 24 per cent.

If the author had the slightest understanding of business, or, in fact, if any of your editors had any such understanding, this error would not have placed your publication in such a ridiculous light.

The fact is that a grocer or butcher can stay in business if he makes a quarter of one per cent on his invested capital.

What the author should have said is that a grocer must make a *gross profit* of 15 per cent on the selling price of his goods to stay in business without impairing his invested capital, and a butcher 24 per cent.

Newspaper and magazine writers seem totally unable to distinguish between *gross* and *net* profits.

A grocer pays \$8.50 for goods which he sells for \$10. Out of this \$1.50 gross profit he must pay his own salary, the wages of his clerks, rent, light, etc. If he has 20 or 30 cents left as profit he is lucky, because a profit of 2 or 3 per cent on the selling price will mean 20 or 30 per cent on the invested capital, provided the turnover is ten times per year.

You will find this subject intelligently discussed in THE NATION'S BUSINESS for May.

If the author had made this mistake in a single paragraph, I certainly would not have been moved to take the time to write this letter, but he makes this "bull" the theme of his entire article, and that is enough to make a business man weep when he stops to think that your magazine has a circulation of a million—or is it a billion?

WHEN we first saw this string of figures we thought it was a Russian index figure of the cost of living in rubles, but no, it was Mr. Bert Ball, of the Spring Wheat Crop Improvement Association, talk-

The Cruises Supreme

AROUND THE WORLD

By Specially Chartered
Cunard Liner

"SAMARIA"

January 24 to May 31, 1923
Sailing Eastward from New York

Like a story from classic mythology—like reading the tale of an argo that hove anchor and sailed clear around the globe in quest of the wonders and mysteries, the splendors and beauties of the world—finding them in their full glory while Spring was waking in each land!

Just such an experience is offered you by our Golden Jubilee Cruise, which commemorates the 50th year since Thomas Cook, the founder of our organization conducted the first tour around the world. A superlative itinerary—127 joyous, crowded days.

LIMITED TO 400 GUESTS

TO THE MEDITERRANEAN

By Specially Chartered
White Star Liner

"HOMERIC"

Sailing January 20
Returning March 28

Here is a pageant of life everlasting in its fascination, ever-changing in its daily scene. Throbbing spectacles of the Mediterranean cities—man and nature imbued with glamour—unforgettable monuments to civilizations now dead.

Sixty-seven glorious days—fourteen thousand miles. Optional visit to Paris and London on the homeward trip. Stop-over privileges with return by other famous White Star Liners, MAJESTIC, OLYMPIC, etc.

LIMITED TO 500 GUESTS

THOS. COOK & SON

245 Broadway

BOSTON
LOS ANGELES

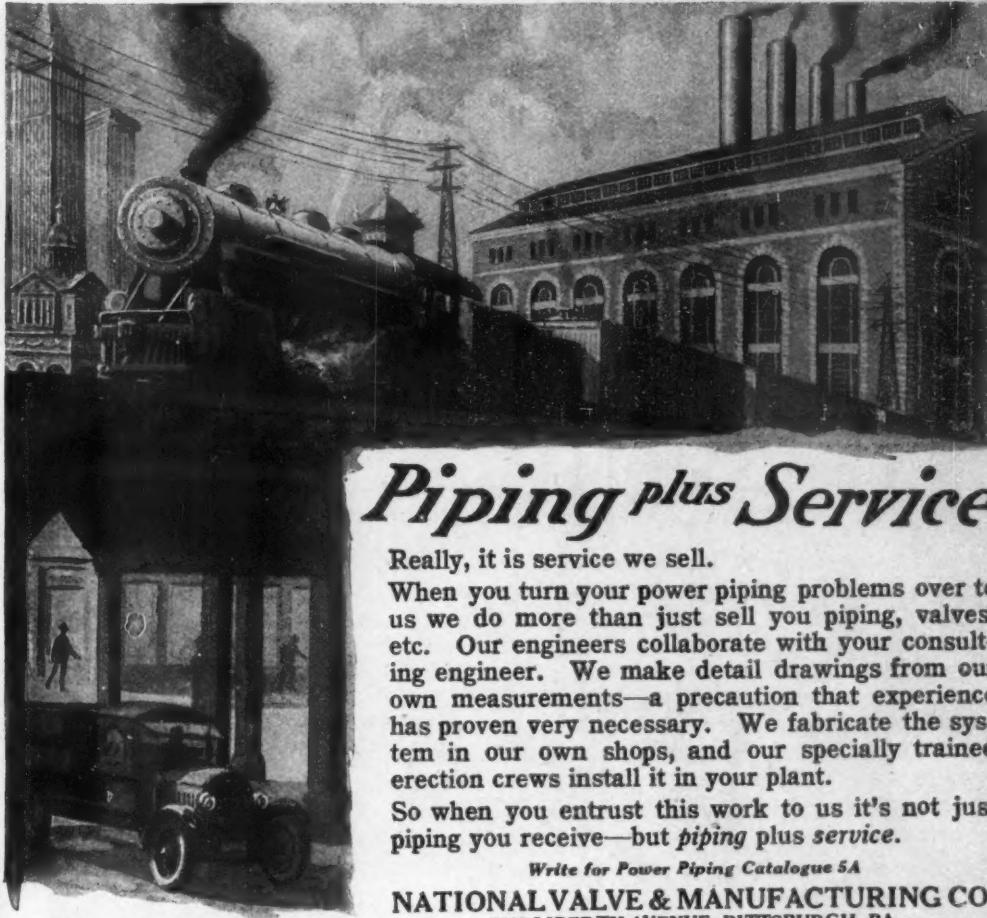
NEW YORK

PHILADELPHIA
MONTREAL

CHICAGO
TORONTO

561 Fifth Avenue

SAN FRANCISCO
VANCOUVER



Piping plus Service

Really, it is service we sell.

When you turn your power piping problems over to us we do more than just sell you piping, valves, etc. Our engineers collaborate with your consulting engineer. We make detail drawings from our own measurements—a precaution that experience has proven very necessary. We fabricate the system in our own shops, and our specially trained erection crews install it in your plant.

So when you entrust this work to us it's not just piping you receive—but piping plus service.

Write for Power Piping Catalogue 5A

NATIONAL VALVE & MANUFACTURING CO.

3100 LIBERTY AVENUE, PITTSBURGH, PA.

Cleveland Indianapolis New York Philadelphia Chicago Atlanta

NATIONAL

Capital for Industry

We have large resources, a long experience in industrial financing, and an organization accustomed to giving prompt, intelligent and effective service.

We offer funds to sound companies requiring cash for extension, refunding or additional working capital.

Peabody, Houghteling & Co.

10 S. La Salle Street
Chicago

Established 1865

366 Madison Avenue
New York

Business Christmas Cards

Steel Engraved in colors with Envelopes to match

Christmas is the time of the year to mail an appreciation to your customer which carries a warm hand-clasp with it.

May we show you many styles of Business Christmas Cards without obligation on your part. Orders should be placed now.



STICKERS

Bright, snappy advertising stickers that stick—applicable anywhere to anything—economic and persuasive. Every business needs them. Also a complete line of Standardized Stickers ready for shipment in amounts from a thousand to millions. All kinds of labels.

Our price book in colors will save you money. Send for it

ST. LOUIS STICKER CO.
1623 Washington Avenue ST. LOUIS



WE ALSO MAKE A SPECIALTY OF ENGRAVED BUSINESS STATIONERY.

WRITE US ON YOUR BUSINESS STATIONERY.

MCKENZIE ENGRAVING CO.
ESTABLISHED 1898
178 CONGRESS ST. BOSTON, MASS.

Before buying LETTERHEADS

Write us on your business paper and we will send you a Splendid Specimen Book and Price List

THE JOHN C. POWERS COMPANY
69 Duane Street, New York Worth 2890

Donley D. Lukens
writer of
Successful Sales Letters

4908 Laclede Ave., St. Louis, Mo.

ing before the Federal Horticulture Board on the subject of Plant Quarantine No. 37:

Did any of you ever read the book, about "The Green Bug," and know how prolific its family is? One green bug, through the laying of eggs and producing, will give you in one season two hundred and twenty septillion, seven hundred and fifty-nine sextillion, seven hundred thirteen quintillion, nine hundred sixty-nine quadrillion, nine hundred and nineteen trillion, nine hundred and twenty-three million, eight hundred twenty-eight thousand, two hundred and twelve offspring—all in the same family!

220,759,713,969,191,000,923,828,212 baby bugs!

JUST WHAT should an advertisement do? We pick up this passage from the publicity of one of our foremost advertising agencies, the George Batten Co.:

"You," said Demosthenes to his rival orator Aeschines, "make them say, 'How well he speaks.' I make them say, 'Let us march against Philip.'"

We do not remember ever to have seen more compactly expressed the difference between mere elegance and go-getting. And although the agency we are quoting has the reputation of turning out "copy" as well-written as the best, thus putting to shame those who prefer the striking to the fitting word, the flamboyant phrase to the factual, it acknowledges here the realization that merely to be well-written is not enough in an advertisement. It must have more than verbal felicity. It must have driving power. Lacking that, it is like an eye-filling limousine without the engine.

Isn't the same thing true, after all, of the business letter you write?

OUR CORRESPONDENCE is always helpful, often inspiring. Here are three paragraphs from a recent letter:

It is all very well for the politicians to sneer at business, but about business there is at least this to be said; it doesn't burn down cities like Smyrna. The world is strewn today with civilizations which business constructed and politics destroyed. Smyrna is simply the latest instance.

Were men at any time ever so mad as the men of Europe are today? Here from America we can at last talk across the Atlantic by radio. We can carry electric energy at a million volts for thousands of miles. And the old world still insists on splitting itself up into patchwork, like a crazy quilt, with each plot of a country divided by hatreds and tariffs and armies and misunderstandings from all its neighbors.

The business man cultivates his customers. It is only the statesmen who quarrel with them.

A SUBSCRIBER writes us that since we are always having a lot to say about the lively towns of the country, perhaps we should like to hear about the deadliest town. According to him, it lies somewhere in the depths of Pennsylvania. It has a constable, an old G. A. R. man, who has been constable for thirty years. The other day two mail carriers from Pittsburgh slipped out to this town, which was their old home town, over labor day. The constable hurried to his home, got down his old army musket and shot them dead.

He said he thought they were Confederate spies.

Can you beat it?

M.T.

COAL AND COKE



Traffic

A highly specialized, experienced traffic department is a necessity if you are to get your shipments of coal and coke on time—but YOU need not maintain it; we offer this service as a matter of course to our customers.

Sometimes emergencies arise when you want coal and coke in a hurry. Our traffic organization can tell you where your cars are, if enroute; often we can divert shipments ordered to nearby points and tide you over until your supply arrives, directing other cars from the scales or mines to complete the shipments from which we supplied your emergency needs.

Saving time and money by routing over the most direct line to your plant from the nearest source of supply; shipping the right kind of coal or coke to the right place; adjusting claims against the railroads quickly and equitably—these are some of the ways in which our traffic department can be of service to you.

You need this service. Why not obtain it by placing your coal and coke contracts with us?

International Fuel & Iron Corporation

Philadelphia

Pittsburgh

Cincinnati



International

Announcing

The Conveyor Division of The Brown Hoisting Machinery Company. This department is now manufacturing a complete line of Belt Conveyors, Chain Conveyors, Coal Crushers, Screens, etc.

The same fine quality that is found in all material handling machinery bearing the Brownhoist mark is maintained in these new products. We now solicit your inquiries on

Conveying Equipment.

The Brown Hoisting Machinery Co., *Cleveland, O.*

Branch Offices: New York, Chicago, Pittsburgh, San Francisco, New Orleans

BROWNHOIST

MATERIAL HANDLING EQUIPMENT



VOLUME 10, NUMBER 12

NOVEMBER, 1922

Keeping Business Out of Jail

An Authorized Interview with the Attorney General of the United States
by a Member of the Staff

IT IS the desire of Attorney General Daugherty to help, and not to harass business. So long as he remains as the directing head of the Department of Justice, he declares Uncle Sam will forego the once popular pastime of muckraking. Sleuths are not to be sent snooping around into the highways and by-ways of commerce in search of well-meaning officers or members of trade associations who, from ignorance of the law, may have fractured one of the many provisions of the well-known, but little understood, Sherman Anti-Trust Act.

When the Attorney General goes out of office he wants to leave behind him a record that will be appraised by actual achievements, he says. He is wide awake to his job every minute of the day. Adverse criticism has not upset his equilibrium. It's his job to enforce the laws on the federal statute books, and he is not minimizing the importance of this task.

WHEN I called at the Department to question the Attorney General relative to the latest proposal to create a governmental agency to advise and supervise commercial organizations, such as "open price" associations, Mr. Daugherty was found seated at his desk in his shirt sleeves, surrounded on all sides by work. He admitted that he had given his approval to the plan originating in the Department of Commerce and indicated that he was a firm believer in the old maxim, "an ounce of prevention is worth a pound of cure." In other words, the Attorney General believes that the number of violations of the law can be reduced to a minimum if the Government will only

Defining the Government's Attitude

By HARRY M. DAUGHERTY

Attorney General of the United States

IT CAN BE SAID that it has been the policy of the Department of Justice since I became Attorney General to try to settle and clear up the law in regard to violations of the Sherman Anti-Trust Law, in order that American business may know as accurately as possible what they can and what they can not do that might or might not be considered a violation of the law.

The most desirable thing in the world for business is a settled condition.

The Government does not want to be a muckraker, nor does it desire to interfere with legitimate business. On the contrary, it desires to help legitimate business in every legitimate way.

The Government should not be used to favor one or another. All should understand what the law is, and all should have the protection the law affords and all should feel the responsibility of complying with the law.

The Government could institute many more cases against business concerns and associations in order to test the question as to whether or not they are strictly complying with the Sherman Anti-Trust Law, but it would require such a force of men and take so much of the time of the courts that it would be impossible. The desirable thing to do is to bring such cases as cannot in good conscience be avoided and dispose of them as promptly as the clogged condition of the courts will permit, so that the law can be made plain and those who violate the law, thus made as plain as possible, will be compelled to take the consequences of their acts.

Ninety per cent of the business men of the country are men of good conscience and desire to observe the law. The trouble is that many professional organizers conceive schemes and plans that cut corners quickly. Their business is to get around the law, if they can, and they frequently advise business to take chances and to do things that the law does not permit.

The Government is exactly as an individual who has judgment, wants to keep out of litigation, wants to go along in a straightforward way, which is better for the citizen, better for the Government, better for business. I think a way will be worked out, and sincerely hope so, and I shall be glad to help work it out, whereby there will be stability, the minimum of misunderstanding and some assurance that certain things are not a violation of the law and certain things being done improperly are in violation of law, and litigation will be reduced to the minimum.

provide a means of assisting the business men of the country to keep within the law.

By setting up the necessary machinery to pass on the plans of associations for cooperation among the members of the organizations

in question, Mr. Daugherty believes that American producers would be enabled legitimately to strengthen their hands in the search of markets, and at the same time to save the Government much expensive investigation and litigation.

In explaining the attitude of the law-enforcement branch of the Government toward trade associations, the Attorney General said:

"Business has a conscience; business as a whole is inherently honest, and so long as I am Attorney General I am not going unnecessarily to harass men who have unwittingly run counter with the statutes. It is the desire of the department to have the Supreme Court give an interpretation of the Sherman Law that will make its meaning clearer to the business men of the nation. We had hoped for some such decision in the hardwood lumber case. Until such a decision is forthcoming, business men can best avoid trouble by consulting lawyers who will give the subject the necessary thought and study. They should then abide by the advice given."

WHEN reminded that the trade associations have been placed on the grill and that their members, in many cases, are uncertain just what activities are approved and just what are frowned upon, by the Department of Justice, the Attorney General indicated that that was only another argument in favor of an agency that should be advisory and helpful, rather than inquisitorial. He was

not ready, however, to outline in detail the plan for creating such a governmental agency.

"Remember, I have a boss," he said. "It's the first time in my life that I have been responsible to a boss. The President must

have the final say. He must define the policy. I have had this matter up with him, and I will discuss it with him again."

It was made clear by Mr. Daugherty that it is impossible for his department, because of the constant changes of business methods and business conditions, to frame general legal declarations of standards of conduct in anything but the most general terms. Therefore, until the Supreme Court has had occasion to render a clearer interpretation of the law or until the proposed governmental agency has been created, the business men and trade associations are confronted by the broad sweeping condemnation of combinations in restraint of trade as embodied in the Sherman Law and the statutory doctrine laid down in other measures that unfair competition is beyond the pale.

The Attorney General explained how he had watched the development of the Sherman Act from the time it was enacted into law. Like other legislation, he said, the Anti-Trust Act has been construed in a way that was never thought of or intended by its author.

"I was a guest in the house of John Sherman," he said, "on the night the draft of the Sherman Law was completed. I then read the proposed legislation, but, of course, with little conception of the part it was to play in the years to come."

The Attorney General recalled an occasion about eighteen years ago when a client, who was en route to Cincinnati to attend a meeting of a coal association, dropped in at his law office in Columbus.

A Warning in Time

"AS HE was leaving," said Mr. Daugherty, "my parting injunction to him was: 'You had better call a halt to those meetings. You are going to keep attending these conferences and giving the miners what they ask for and fixing a price on the output of your mines until you wake up some day and find yourself in jail.' This client took my friendly advice to heart, and called off his trip to Cincinnati. Later, he was the only one of nearly fifty operators in the vicinity of Columbus who was not indicted by the Federal Grand Jury."

Men who take an ac-

tive interest in the extension of the activities and usefulness of trade associations have little to fear from the Government, the Attorney General assured me, so long as they make an honest effort to do the right thing. If a man's own conscience does not disturb him, it is a pretty safe bet that this man is not going to be hauled up before a Federal judge. But, on the other hand, Mr. Daugherty made it quite plain that the man who starts out with the deliberate intention of finding a safe way of doing what the law says he shall not do, is going to receive mighty little sympathy from his department. This policy applies, of course, with equal force to trade associations that attempt to negotiate the needle's eye in the legal barrier.

Bigness Isn't a Crime

SIMPLY because an industry has prospered to the extent where its leaders are referred to as "magnates" or "barons" is not considered by the Attorney General as sufficient justification for impaneling a Federal Grand Jury. Before proceeding, Mr. Daugherty will require something a little more tangible. Mere accumulation of worldly goods the Attorney General does not consider as a presumption of the violation of the Sherman Anti-Trust Law.

"Common sense must be applied in the determination of many matters," said the Attorney General. "Simply because there may be a clamor for the expedition of justice does not justify me in dragging business men, who may be accused of some slight infraction of the statutes, across the continent from San Francisco like common criminals and placing them on trial in New York."

Business has little conception, in the opinion of Mr. Daugherty, of the varied problems now confronting the department. Industry and commerce are vitally interested,

he said, in the proper solution of many of these questions.

"Take these papers before me, for instance," he said, as he indicated a large stack of imposing looking legal documents. "They represent \$20,000,000 worth of business that has been disposed of and now awaiting my signature. Responsibility in work of this magnitude cannot be delegated to others. The Attorney General is responsible, and he must find the time to get at the roots of every problem presented to the department."

Mr. Daugherty is not unmindful of the fact that his department has been the target for critics both in and out of official life, and he knows, too, that much of this criticism has been directed at him personally. He told me, however, that it would be the height of folly to attempt to silence his critics by undertaking to justify or explain his every official act.

"I would find little time for anything else," he said. "I am doing my job and doing it in the way that I think it should be done. It is a stupendous task, and, of course, I am going to make mistakes. Sometimes I think there's enough work here for nine hundred attorney generals, and it might not be a bad plan to have another nine hundred to see that nothing is overlooked by the first nine hundred."

Walking back and forth across the green-carpeted floor, puffing away at a big briar pipe, Mr. Daugherty talked to me for more than an hour. Frequently he was interrupted by his secretary, Mr. Martin.

Mr. Daugherty is picturesque and his language is expressive and forceful. He is a firm believer, he insists, in the application of the rule of common sense in dealing with citizens who are not deliberate law-breakers. He said that he is opposed to capitalizing the misfortunes of others as a means of self-advancement.

He tells me that he is a peace-loving citizen, and that he does not believe in adopting aggressive tactics until all other means have failed.

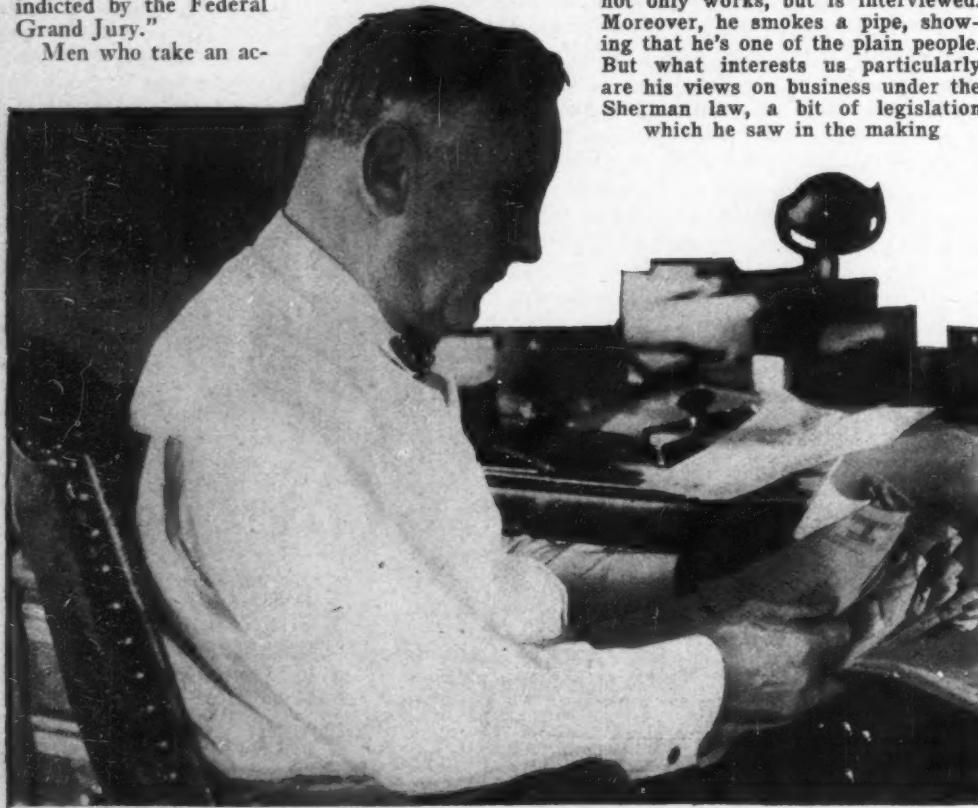
Conciliator, Not Fighter

"I AM not a fighter," he said. "I am a conciliator. But there comes a time when a man must go out on a mat in the middle of the floor and lick the other fellow or be licked himself."

"There is always that element which is ready to ride rough shod over the laws and the rights of others. My conduct of this office will not be influenced one iota by such tactics. I began fighting the mobs thirty-odd years ago, when Governor McKinley asked me to defend a colonel of the Ohio National Guard whose men had been charged with firing on and killing several members of a mob. In going back and forth to the courthouse in the small town where the case was tried, I saw myself hanging in effigy from a tree. I saw the members of the mob firing their revolvers into this figure of straw."

Spain Invites Chambers to Seville

SPAIN is following other nations in taking interest in foreign trade. Spain reasons that it deserves a good share of the trade of Spanish-American countries, where five million Spaniards dwell. Accordingly, the government is inviting delegates from Spanish Chambers of Commerce in the New World to a congress at Seville next spring, and is apparently prepared to discuss governmental assistance for export credits and other facilities to promote trade.



Plain Talk from McKenna

By SILAS BENT

ON THE eve of a visit to this country of the British Refunding Commission, Reginald McKenna lifted a torch of enlightenment which shed its rays not only on the English debt to the United States, which, he asserted, would be paid in full, but also in regard to the reparations and the other international debts, which, he said, cannot be paid.

Primarily the coming of the former Chancellor of the Exchequer, now the head of the largest bank in the world, was to address the recent convention of the American Bankers' Association in New York; and its primary effect was to consolidate their opinion into a demand that the United States take official part in the Reparations Commission, and "formulate the principles on which it will be able to cooperate with other nations to bring about the needed rehabilitation of European countries and peace in the world." Another resolution urged that greater powers be extended to the American Refunding Commission.

But the effect of Mr. McKenna's visit was of far greater import. In interviews and through the widespread reports of his speech he put a precise and lucid brain at the service of the whole American people on questions of international indebtedness. Coming from a debtor nation, and facing an audience predisposed to hostility, he won that audience to his side without emotional appeal, by the cold steel of logic.

Reginald McKenna's long Irish upper lip was regarded, when he was unpopular in England, as a symbol of his obduracy. Nowadays it is acclaimed as a symptom of level-headedness. His unpopularity was at its height (or depth) when, as first Lord of the Admiralty, he insisted on that costly program of naval expansion, involving heavy taxes, which was to prove so important a factor in winning the World War. Yet he was never more popular than when, as Chancellor of the Exchequer, he imposed on Britshers unprecedented schedules of taxation.

"We would rather pay McKenna than the Kaiser," said the British.

Mr. McKenna's history is full of these little paradoxes. He demanded forcible feeding, for instance, of militant suffragettes; yet the friends of Mrs. Pankhurst, whose life was one of those he insisted on saving, broke every window in his beautiful house in Smith Square, Westminster. A pacifist by intention, he was never known to fly the white flag nor bear the olive branch, neither in debate, nor in war, nor in indebtedness.

Germany forced his hand, he said, in the matter of a big navy, but England in that day called him a fire-eater. An avowed free trader, who had won his first fame by opposing a high protective tariff on raw tobacco, he later laid heavy imposts not only on tobacco, but on tea, coffee and cocoa.

mits nothing to interfere with the functioning of a brain of crystal quality. He is recognized today as the greatest living British exemplar of the Treasury mind.

Mr. McKenna was in New York, he said, only in his capacity as a financier. "I speak as a banker expressing my personal views," he declared. "I have nothing to do with politics, and do not appear here in any representative character." And a few minutes later he felt free to add, in discussing the inter-Allied debts:

"England has the ability to pay, and I can unhesitatingly assert her determination to honor her bond in full. I believe I am justified in asking you to treat England's debt to the United States as certain to be provided for."

There was no conflict in fact in these statements. As one of the foremost bankers in London Mr. McKenna could voice with authority the sentiment of "the City," and upon that sentiment must depend in large measure his government's ability to pay. But there is no denying that to thousands of Americans he spoke as one having authority, not merely by reason of individual eminence but by virtue of his former office.

It is worthy of note that Mr. McKenna threw into the discard the argument of the Balfour note. He asked no special consideration for England, but he said squarely that Italy and France could not pay their external indebtedness, because they had neither the necessary surplus of export over import trade nor the foreign securities. As to Germany, he said that her people held foreign securities, convertible into acceptable currencies, which he estimated at a billion dollars; but before the government could attain them the mark must be stabilized by a moratorium for at least three years and by an international loan. Only 375

millions has been paid in cash on the reparations bill, and this has been procured, as he observed, by the sale of the mark, with its enormous resultant depreciation.

Mr. McKenna told me he thought it was possible that the refunding of the British debt to the United States might take the form of a bond issue to be placed in this country. He said he thought England might prefer to substitute the American people for the American Government as creditors. But this, he added by way of qualification, was a matter for the two refunding commissions to work out in their conferences in November.

"There are some preliminary difficulties to be overcome," he observed. "Your Con-

From the McKenna Machine Gun

WHAT WE HAVE to investigate is not Germany's capacity to produce wealth but her capacity to pay foreign debt. I cannot help thinking that we have here the source of the error into which the Versailles experts seem to have fallen.

It is not what international debtors may justly be called upon to pay, but what they are able to pay, which we as business men, anxious to discover the conditions upon which men trade, anxious to discover the conditions upon which trade prosperity is founded, must consider with the most careful attention.

England has the ability to pay, and I can unhesitatingly assert her determination to honor her bond in full.

No solution of the reparations is possible unless political considerations are subordinated to economic facts.

I fail to see how additional taxation in Germany can stimulate foreign trade and provide a large exportable surplus. The taxes would be paid in marks, and whether the marks were derived from avowed taxation or from concealed taxation through the use of the printing press, they are in neither case a currency which would be accepted in discharge of a foreign liability.

What Germany can pay may not be a simple question, but it is a question capable of being answered. Unfortunately the answer runs counter to popular hopes, popular passions, and, more formidable still, a popular sense of natural justice. And so no authoritative answer is given while Europe slides into ruin.

The international debts are all too great for the capacity of any of the debtor countries except England.

If we take the whole field of British foreign investments we shall find that every year England has returned in loans more than she received in interest, and the balance of the world's indebtedness to her has been steadily growing.

The formation of a rational public opinion on the world economic problems is urgently needed.

Splendid isolation is a dream.

And yet he said the other day: "I am inclined to think that we English are overtaxed, and that overtaxation, so far from fostering, cannot fail to depress national production."

All this may sound as though the Right Honorable Reginald McKenna were as changeable as a chameleon. It may sound as though he were irresolute. Nothing could be further from the truth. The worst charges his enemies made against him, in the days when his detractors were myriad, was that he was arrogant, dogmatic and unbending. The highest compliment now paid to him, in the days when nearly everyone thinks it judicious to be his friend, is that he per-

gress has imposed limitations on your commission. The British Parliament placed no such restrictions on the powers of our commission. If both possessed plenary powers, a quick decision would undoubtedly be hastened."

Payments, said Mr. McKenna, would be in gold.

"The interest on the foreign securities held in England," he continued, "comes from all countries in the world, and thus gives us the power to exchange currencies for dollars. This interest is tantamount to an exportable surplus. The amount of our foreign holdings has been variously estimated, but I would place it at between two and three billion pounds, certainly not more than three."

To make available the dollars received by British citizens, it would not be necessary for the government to mobilize the securities, as was done during the war, Mr. McKenna thought. England, he said, was always in a condition to exchange dollars in a foreign exchange market, because the exportable surplus from her holdings abroad made it possible for her to draw upon the productive power of other nations. The recent flow of gold from England for the approaching interest payment on the debt, he added, was an augury that future payments would invariably be made in that medium.

"It will not be necessary to obtain the gold from this country," he said. "It will be procured from English exports to South America and other countries which hold gold."

"A large exportable surplus is only obtainable when a nation is able to give credit. Germany, for instance, is not now so situated. If she always sells her entire exportable surplus for cash, she cannot build up a large surplus of this kind. For that reason I am convinced that, although Germany can pay something after an interval, the amount will not be large. An American loan to her can hardly be made until after stabilization of the mark."

"If Germany gets a moratorium long enough to stabilize the mark, and if Germany pays to the Reparations Commission the foreign balances she now holds, she must have a foreign loan to enable her to finance her external trade. Under these conditions her credit will be good, and she should be able to get sufficient loans on an ordinary commercial basis for this purpose."

Mr. McKenna said he thought there had been a big change in public opinion in this country, judging from newspaper comment and reports in person to him by bankers. This happened to come after his speech, but Mr. McKenna did not say, and was not asked, how far the speech went toward effecting the change.

If the lens-like quality of Mr. McKenna's mind gives a sharp point

to every topic he subjects to it, he is not on that account incapable of adroit indirection. Consider, for example, his discussion of the French debt to England, which he took as a fair sample of the run of the international ledger. He suggested, after first outlining the difficulties, a situation in which France might be able to pay.

"How is France to pay," he asked, "unless an exceptional demand exists for her goods? The truth is that her debt is far too great in relation to ordinary international trade possibilities. It was incurred by the purchase of goods required in war and bought at war prices. It could only be discharged by the transmission of goods, not wanted in peace and sold at no less high prices."

"We became accustomed in war to talk in billions. Our language was suited to the circumstances of the time, but, if we carry our minds back to 1914 and return to the ideas appropriate to peace conditions, we shall recognize at once that France has no trade surplus or reserves of accumulated and exportable wealth to enable her to meet her present external liabilities."

"Conditions are of course conceivable, though I trust improbable, in which the French debt to us might be repaid. If we were at war and the call upon our men to line the trenches was such that many of our mines and factories had to close down; and if

France were at peace and at liberty to increase her output to the utmost of her capacity she might pour upon our shores war material and stores equal to the whole amount of her debt to us."

"But in what part of the world is there a demand for this additional output in time of peace?"

The imaginary situation Mr. McKenna thus conjured up in regard to France was precisely the situation in which at least half of England's present debt was incurred. She was at war, and we, at peace, were selling to her at war prices. And he dropped a gentle reminder that England, as the greatest creditor nation prior to the war, has "returned every year more in loans than was received in interest." The balance of the world indebtedness to her was steadily growing.

"Take the case of your own country," he suggested. "The United States has been the greatest external borrower in history. You required foreign capital for your internal

development and you took from England alone not less than three billions of dollars. It is estimated that at the time of the outbreak of the war your external debt had become stationary in amount, and that your exportable surplus of commodities sufficed to pay the whole of your interest. Repayment of the capital, however, would have been beyond even your capacity for a very long period had it not been for the opportunity afforded by the war. As you know, there arose an inexhaustible demand in Europe for American goods which led to an immense increase in your exports. Payment for these exports was largely made out of the proceeds of the sale of stocks and bonds held in England, and thus a capital liability which had been growing for two centuries was almost entirely discharged in a few years."

The Lesson Bismarck Learned

MR. MCKENNA presented with great clarity the effect of the payment of international indebtedness. He took first the occasion of the enormous—as it was in that day—indemnity France had to hand over to Germany after the war of 1870.

"It is interesting to note the industrial condition of France at that time," he observed. "Employment was extremely active and production was on a great scale. She had to meet her external liabilities, which compelled her to increase her sales in foreign markets, and she did so notwithstanding the competition of other nations. The improved standards of efficiency in production thereby forced upon her endured long after the period of the indemnity."

"In Germany, on the other hand, there was a very different experience. The receipt of a large amount of gold and silver had, with other causes then in operation, a serious effect upon German internal prices, which rose rapidly. In 1872 there was a brief trade and financial boom, followed in the ensuing year by a crisis which was the beginning of a period of depression. It would not be correct to say that the trade conditions in Germany were entirely due to the payment of the French indemnity, but undoubtedly it was a contributory cause of material importance."

"The comparative prosperity in France and depression in Germany are remarkable, and give color to the story that Bismarck, in commenting upon the state of the two countries, declared that the next time he defeated France he would insist upon paying an indemnity."

At another moment Mr. McKenna told how conditions would be affected were Germany to attempt now to pay part of the reparations through a greater volume of exports than her imports.

"So far as German goods seek to invade her competitors' domestic markets," he said, "her competitors may endeavor to exclude them by tariffs, but in order to retain their hold on neutral markets they too will be compelled to reduce wages and cut profits. And thus Germany's efforts to extend her foreign trade must be confronted with the opposition of the whole manufacturing interest of the rest of the world, and could only be successfully countered by a general lowering of the standard of life."

In discussing our new tariff law Mr. McKenna was cautious and specified that nothing he said must be construed as criticism.

"The immediate effect of your tariff," he said, "will probably be to reduce considerably the imports of the United States, with a corresponding reaction on exports. To some extent this effect should be mitigated by a rise in prices here, enabling competitor countries to leap the barrier."



Reginald McKenna, mason, Chancellor of the Exchequer, Chairman of Great Britain's biggest bank, Yes, and Irish, in the background

In regard to the stand-off policy of this country toward Europe, Mr. McKenna said that isolation was impossible, and added: "I feel very strongly that the British want the United States to take an oar in the boat. I am not censuring the present American policy because it is one that my own country endeavored to adopt. For a time after the war it was popular. Splendid isolation is a dream, as will quickly be discovered when it is observed how unwilling the country enjoying isolation is to be ignored."

Perhaps Mr. McKenna was a little puzzled at the intensity of the struggle in the bankers' convention over the branch-bank question, against which the 10,000 delegates adopted resolutions. The whole of Great Britain has but thirty-nine banks. They have 9,650 branches, and of these 6,800 belong to five banks, with Mr. McKenna at the head of the biggest, the London Joint City and Midland, Ltd. But his sanity and tolerance were in evidence in regard to this, as to other domestic conditions.

"The principles of sound banking are the same everywhere," he observed, "but our countries diverge in law and practice. This is natural: British social and political conditions differ so much from yours that the same banking system could hardly be appropriate for both. Perhaps we have each something to learn from the other, but I am sure that any hasty attempt to establish a common procedure in the two countries would be unwise."

The present financial condition of the United States, Mr. McKenna thinks is probably as sound and liquid as ever in its history, thanks to the ability with which American bankers have met the domestic

problems confronting them. But in regard to international matters there has existed since the war what may be called a kind of mental unpreparedness.

Mr. McKenna is not pessimistic, for he says:

"A better understanding of international trade and the possible limits of international payments will quickly enable us to find a remedy for the evils which now distract us. The public on both sides of the Atlantic is beginning to take a more rational view than was possible three years ago, and if the leaders of opinion direct our footsteps along the right path I believe the world is now prepared to follow it."

Something more about the personality and background of this unusual Britisher may not be amiss in the effort to arrive at the remarkable influence his recent visit exercised. "A cockney by birth," George W. Smalley once said of him, in a burst of journalistic irritation at his policies; yet Mr. McKenna has never sought or accepted a title, and today he holds an enviable position in the social, financial and political life of London.

After an apprenticeship of ten years in Parliament, Mr. McKenna became financial secretary of the Treasury in 1905, and in that capacity did all the donkey work for the department. Difficult questions were referred to him, and whenever a real statistical puzzler came along it was conveniently passed his way. Well, he had taken honors in mathematics at Cambridge, and nothing stumped him. His mastery of cold figures was amazing.

Then he became Secretary of the Board of Education and introduced an educational bill which was extremely unpopular; then he moved up to the Admiralty, where his naval

policy brought down the wrath of shortsighted Britain upon his devoted head; and then, in the Asquith coalition cabinet, he succeeded Lloyd George as Chancellor.

It may be supposed that this coldly precise master of mathematics made a different kind of chancellor from the imaginative and fiery Welshman who had preceded him in the post. The supposition is correct. He and Lloyd George, who have little in common, have long been regarded in certain quarters as rivals. During those recurrent political crises when everyone has said that the Premier was on the eve of downfall—and when everyone has proved wrong—there has always been somebody to say: "But, much as you may dislike Lloyd George, he is indispensable;" and somebody else to say: "Why indispensable? There's McKenna!"

At sixty, bridge has supplanted rowing as Mr. McKenna's chief diversion. At Cambridge he was bow oar, and he won the Grand and Steward cups at Henley. Until he was well past middle age he kept himself fit in a rowboat on the Thames; but nowadays he demonstrates his prowess by preference in the subtleties of whist. When he became First Lord of the Admiralty, with an increase in pay to \$22,750 a year from his \$10,000 in the Board of Education, he found he could afford to marry Miss Pamela Jeckyll, daughter of Sir Herbert Jeckyll, art connoisseur and musician. She was then nineteen years old and he was thirty-eight, and although he was a Liberal, classed by some as an irreconcilable and a Nonconformist, the wedding took place at St. Margaret's, Westminster.

This, it may be said, was another of the little paradoxes in Mr. McKenna's life.

The Talk That Makes a Tariff

Flowers of Oratory and Debate Plucked from 700 Pages of the "Record"

READERS of THE NATION'S BUSINESS for August will remember how, into the midst of what Senator Lodge characterized as a "long, protracted, weary discussion, no matter who is engaged in it," beginning in mid-spring and running until late summer, through nearly two thousand paragraphs of tariff schedules, from Acid to Zaffer, there broke one day a body of light artillery, recruited, it must be said, mainly from the opposition, and executed a mock skirmish on the side of protection of "the great American bee" against the "pauper bees" of other lands. Senator Shortridge (Rep. of Cal.) came forth with a matter-of-fact statement that the "rate of 3 cents per pound is not excessive, but less than adequate, applying the principles of protection, for which I stand." But the merriment bubbled on.

It occurred to Senator Hitchcock (Dem. of Neb.) just here that he might "put the statement which the Senator from California has just made into appropriate language":

How doth the little foreign bee
Destroy our home-made honey?
He sends his product over here
And takes away our money.

Mr. Shortridge would "reply to that poetic gem, Mr. President, by saying that I would preserve the American honey eater for the American honeybee."

But lest the readers of this magazine be moved to complain of too much honey served up in their mental diet, we would hasten

on to say that earlier on that same day a discussion had arisen concerning the proposed tariff of 2 cents a gallon on milk. Mr. Walsh (Dem. of Mass.) protested and Mr. McCumber (Rep. of N. D.) undertook to reason with him. "I would like to ask the Senator from Massachusetts if he thinks the American farmer, in days like these, should be compelled to get up at 3 o'clock in the morning, milk his cows, bring that milk miles, and sell it for 4½ cents a quart? Mr. President, you pay ten times that for the near beer you are buying, and you do not do any crying about it, either."

Mr. WALSH (of Mass.): I hope the Senator does not mean that I have been buying any near beer.

Mr. MCCUMBER: You buy a lot of cheap stuff, put it in a colored bottle, which does not contain more than half a pint, and you make no complaint that you are abused.

Mr. WALSH: We do not give near beer to children in New England.

Mr. McCumber: Oh, Mr. President, look over what your people in Boston paid for their liquor prior to the adoption of the eighteenth amendment. I do not know what it has been since then—there is no way of telling; but it was four times what you paid for milk for your babies.

All of which moved Mr. Hitchcock to observe, in conclusion: "This has been a glorious day. The Good Book describes a country of prosperity as a land flowing with milk and honey, and this afternoon will be signalized by this Republican Senate in put-

ting a higher tariff not only upon the milk but upon the honey, so that even our prosperity is now to be subjected to a tariff."

* * *

One day during the tariff discussion Mr. McCumber brought into the Senate Chamber an exhibit of articles on which importers, he charged, were making "enormous profits." These importers not only are "using the press of the country, but they are using the movies to impress their falsehoods upon the public," and "with every metropolitan paper, the mouthpiece of the importer who buys its advertising pages, the very foundation of the temple of protection is being undermined by this insidious propaganda." Well, Mr. McCumber proposed "to present to the Senate and to the country, as far as I can, a partial view of the most astounding profits reaped by those who have organized themselves into a propaganda, and who are now seeking to strike to death the American industries, that they may continue to amass their mighty fortunes."

He would begin with the cuckoo clock, he said, as it seemed to be "in the way." "The foreign cost of that clock was 94 cents and it was purchased here at retail for \$22." "I have here a barber's clipper," he continued. . . . "Another article is linen napkins." . . . "Here is a little watch, silver backed, I think." . . . "Here is a pair of lady's gloves." . . . "We had considerable talk here the other day about the imposition of this tariff duty upon the poor women who have to buy shears and scissors, and I confess that

it was very touching. . . . Here is a pair of shears that cost 15 cents abroad. That same pair of shears is retailed at \$2.65."

To interrupt Mr. McCumber's exhibition long enough to go back to the shears and scissors matter where gentlemen charged, to use Mr. McCumber's words, "that we lay the heavy hand of taxation upon the weeping widow and the sobbing child," we find Mr. Heflin (Dem. of Ala.) concerned also about newspaper offices which "use not only one pair but several pairs of shears. Here is a small farmer with a little vineyard that he has started, and must have these big scissors or shears to shear and prune the vine." Mr. Watson (Dem. of Ga.) wished to "remind the Senator from Alabama that every man who owns a mule and every man who owns a horse has to use shears to roach the mule's neck and roach his feet, and they have to keep the fetlocks of the horse trimmed. Therefore every man or woman who owns a horse or a mule is taxed under this bill."

Mr. MCLEAN (Rep. of Conn.): What do they use on the Democratic jackass?

Mr. HEFLIN: Why, your party in 1920 used gold scissors studded with diamonds, all furnished by Wall Street.

"Here is a very interesting article," continues Mr. McCumber. "Married men know what it is. It is a curling iron. . . . We have here a thermos bottle imported."

"Here is an English-made straw hat. They always make good articles there. This is a nobby little hat." . . . "Here is a cane—a good cane, I think." . . . "I do not know what this (exhibiting) is now called, but when I was a boy we would have called it a flapjack turner." . . . "Here is another article on which there is not so much profit made, but it is a beautiful article. It is made by the cheap labor of Czechoslovakia. It is a very beautiful blanket." And Mr. McCumber concluded with an "ordinary electric smoothing or flat iron" which "came into this country for 59 cents," and the duty paid was 59 cents. It retailed for \$5.50.

Some days later Mr. Watson (Rep. of Ind.) began a similar exhibition with a shotgun. "I do not think it will go off, I will say to my friend from Nebraska. He suggests that I point it at the press gallery. No; I have too many friends up there." . . . "I wish next to take up a padlock. Perhaps it ought to be put on the mouths of some of us." . . . "Next is a very beautiful bird cage." . . . "Next is this electric hair dryer, for which my distinguished friend from Kentucky unfortunately has no use." . . . "I have here a bottle of Apollinaris water. The cost of it was 2.4 cents; the landed cost, including the duty, was 5.7 cents; the retail price 24 cents. . . ."

Mr. STANLEY: What is the difference between the price of Apollinaris water and White Rock water, which is supplied to the Senate cloak room?

Mr. WATSON: I do not know. I do not drink any.

Mr. STANLEY: The Senator does not drink water?

Mr. WATSON: No; not Apollinaris water. I take my water straight. . . . Now I come to something that I know will excite the risibilities of my good friend from Mississippi (Mr. Harrison), who does me the honor of listening to me.

Mr. HARRISON (Dem. of Miss.): Let the organ-grinder proceed.

Mr. WATSON: I noticed yesterday that my friend came over here and very critically examined this toy monkey.

Later in the day Mr. Simmons bobbed up to complain that "we have had an exhibit of a number of little, trifling articles, . . .

gathered up with great care. . . . They exhibited Apollinaris water, cabbage seed, leather belts, toothbrushes, amber beads, birdcages, hair dye, a foot rule, padlocks, and a monkey."

Mr. Caraway (Dem. of Ark.) had "been informed that among the interesting things they have yet to bring on in this circus is a roulette wheel. They seem to think that is one of the necessary household utensils. They also have in the room below the statue of a lady minus her clothes and a bottle of prunes. I do not know who is to be ringmaster when that particular circus is brought in, but how appropriate it was that the first circus opened with a cuckoo. That is a bird which lays its eggs in some other bird's nest, and how appropriate it is to open a tariff discussion with a cuckoo. The next opened with a monkey. If they want to slander their ancestor by auctioning him off, I suppose they have a right to do it."

And Who Did The Talking?

CHARGES of filibustering were repeatedly laid at the Democratic door. Mr. Smoot (Rep. of Utah) complained that the "Senator from New Mexico (Mr. Jones, Dem.) had taken nearly three hours on yesterday, and during his speech had repeated time and again statements that he had made on the floor of the Senate in relation to the very bill that we had under discussion. . . ."

Mr. Jones did not believe that he had "repeated anything that I had previously uttered on the floor of the Senate. . . . When the Senator from North Dakota put on his sideshow here he expressly stated that it had nothing to do with this bill. He said he put on that show for the purpose of showing the profits the importers were making, and for the purpose of showing that the press of the country was corrupt and had been purchased by the advertisers. The Senator from Indiana . . . claimed a wider application for the show which he staged and said that it did relate to the bill. . . . I do not believe the Senator from Utah has any notion that the sideshows have any bearing on the merits of this bill. That is where the filibustering has come from."

Nevertheless, on July 6 Senator Kellogg (Rep. from Minn.) brought in some figures. "The Record shows," he said, "that the remarks of Republican senators occupy 28 $\frac{1}{4}$ pages of the *Congressional Record*, while the remarks of the Democrats occupy 41 $\frac{1}{2}$ pages of the *Record*. Of course, the Democrats may have talked very fast; I do not know as to that, but that is what the *Record* shows."

"Yes," retorted Mr. Caraway (Dem. of Ark.); "and I think very likely they talked with more sense. I hope the Senator will read that debate, because he did not stay here and hear much of it at the time."

Now the Senator from Arkansas had before then twitted the Senator from Minnesota with alleged absence, together with inattention to matters before the Senate. "The Senator from Minnesota (Mr. Kellogg), to show how time ought not to be wasted, repeated one statement five different times in the lecture he read the Senate today. The Senator from Minnesota (Mr. Kellogg) discussed the bill once. The chairman of the committee, the Senator from North Dakota (Mr. McCumber), then apologized when the Senator was through because he talked about matters not before the Senate. He said the Senator from Minnesota wanted to discuss the particular schedule because he was going away. He had come in, you know, and wanted to make a

political speech and catch the next train out."

Mr. KELLOGG: I discussed the agricultural schedule. Does the Senator say that was not before the Senate?

Mr. CARAWAY: The schedule before the Senate was the chemical schedule. I suppose the Senator did not know it, because I do not think he has been here often. He was only interested for political reasons in the agricultural schedule.

Mr. KELLOGG: That is an entirely gratuitous and insulting remark and the Senator knows it.

Mr. CARAWAY: Was the Senator here for a week before he made his speech?

Mr. KELLOGG: The Senator knows I was here every day . . . I was away only two days.

Mr. CARAWAY: I did not ask how long the Senator was away. When did the Senator go away? The next day?

Mr. KELLOGG: Two or three days afterwards. I was away two days and that was all.

But the time came when Mr. Lodge felt moved to point to the "perfectly reckless way in which time was wasted on wholly insignificant things" and expressed the notion that "the worst tariff ever made was better than suspense." Senator Nelson (Rep. from Minn.) seemed to think we were having both. "Even in Minnesota, where land is high and where we are engaged in general farming, I do not believe that the cost of raising wool is what they have estimated. . . . Years ago," he explained, "I tried to raise sheep on my place, but I was very unfortunate. I did not have much of a flock. I think I had 50 or 75 sheep, but I did not have enough so that I could afford to hire a herder to stay with them or to pen them up at night, and every family in town had a dog and every dog called on my sheep."

And the venerable Minnesotan admitted that "we are in the hands of the wool Philistines. They have us by the throat, and perhaps it would be wiser for us to take the medicine in silence and turn our heads toward Providence and hope to get relief from that source." But Mr. Underwood (Dem. of Ala.) suggested to Mr. Lodge that "this bill has 4,000 items in it vitally affecting the industry and the lives and the health and the happiness of the American people," and expressed no intention of leaving the matter entirely to Providence.

One of these items later obtruded itself sufficiently to remind Senator Lodge of a story. Senators had become entangled in "certain yarns" referred to in paragraph 903, which relates to "cotton cloth, printed, dyed, colored, or woven-figured." "It reminded me of a story," said Senator Lodge, "of Rufus Choate. He had a patent case involving a loom invention, and his junior counsel brought to him the client, who wished an interview with him. The client sat down and said, 'Of course, Mr. Choate, you understand the principle of the Jacquard loom.' Mr. Choate replied, 'Of course, of course; but assume for the moment that I do not understand the principle of the Jacquard loom, and expound it to me.' As I have listened to this debate it has seemed to me that an exposition of the Jacquard loom would not be out of place."

Further on in this discussion about cotton goods, we find Mr. Smoot laying down to Mr. Smith (Dem. of S. C.) the proposition that he could "go to any gathering and you would not find a lady there dressed in a cotton velvet or a silk" . . . but this recital is getting too long. And having begun it with the veteran scholar in politics from Massachusetts, it may as well end with him.

What Will That New Tariff Do?

By CHAUNCEY DEPEW SNOW

Manager, Foreign Commerce Department, Chamber of Commerce of the United States

THE NAME of Senator Oscar Underwood was used to designate the customs tariff of the United States from midnight on October 3, 1913, until midnight of September 21, 1922. By 12:01 Eastern Standard time in the small hours of the morning of September 22 we all began living under the "Tariff Act of 1922," as it is officially known, or the Fordney-McCumber tariff, as it is more likely to be called. And the Emergency Tariff of 1921, so far as rates of duty go, has become merely a matter of Republican tariff history.

"Just a real good car" slogans one of the automobile makers. That's the verdict of the most partisan advocates of this new streamline model from the Fordney-McCumber shops. "Nothing but a piece of junk, and priced altogether too high F. O. B. Detroit," say some of the importing coterie on the other side of the argument.

"I told you so—inevitable under a tariff like this monstrosity," says the opponent every time he hears the price of anything, anyhow, anywhere has gone up.

"Forget it! The tariff hasn't anything to do with it, and besides, how about the price of this, and that, and the other thing that has gone down?" says the Fordney-McCumber enthusiast.

Imports tumbled into the country fast and furious the last few weeks of the old tariff regime.

"Dumping to evade the tariff," said the Fordney-McCumberites.

"Nothing of the sort; strictly the most elementary phases of the A. B. C. of business," said the importers; "we could hardly be boos enough to sit quietly by and watch prohibitive, or at least highly burdensome, import duties put on the stuff we sell to make our daily bread and provide us with automobiles and the other important necessities of life, without doing what we could to prepare for the very, very stormy days ahead of us."

At any rate (of duty) the importers kept the cables busy and hastened over as much merchandise as they could finance or induce their bankers to finance for them. They kept the truckmen in the ports, and the warehousemen, and the customhouse brokers and the customhouse clerks right on the jump. And the customhouse at New York hung up some new world's records for business transacted in those final days of daylight saving, 1922.

The wiseacres among the importers who had set the middle of September as deadline for coming in under the friendly Underwood tariff are receiving the compliments and admiration of their friends, except those who are manufacturers. The wiseacres, on the other hand, who were certain that they would have till Columbus Day or perhaps even till Armistice Day, or, with good luck even till Thanksgiving to get in under the wire, are the objects of pity and commiseration by all their friends, except those who are manufacturers.

This Fordney-McCumber tariff enjoys the

reputation of being a highly protective vehicle. With that modest comment there can be little quarrel. The good old days when the various schedules were designated by letters of the alphabet from A to N, plus a free list, have given place to a new method of designation by Arabic numbers from 1 to

along about 1927, and we'll be prepared to give a formal interview on the subject, if we're not too busy trying to get an elementary familiarity with new tariff problems that are occupying the public mind at that time. The seventh son of a seventh son would have some difficulty maintaining his prophetic supremacy in saying just what is going to happen as a result of the Fordney-McCumber tariff.

But fortunately, there's more to this tariff than the 15 schedules of rates of duty and articles free of duty. After Schedule 15, the free list, has covered everything destined to exemption of duties from acids and aconite to worm gut and zaffer, there is a chapter of 15 closely printed pages of "Special Provisions" following in turn by another chapter of 47 pages of "Administrative Provisions." And tucked away in the schedules of duties and in the free list are a number of other special tariff provisions of more than passing interest.

In some quarters there has been a disposition to question the vitality and usefulness of the United States Tariff Commission, established in 1916. Some take it for granted that the Congress pays little or no attention to the recommendations of the Tariff Commission. But the fact of the matter is that the imprint of the United States Tariff Commission is left all over the face of the Tariff

Act of 1922.

In the Act creating the Tariff Commission it was provided among other things that this body should investigate the administration of the customs laws of the United States. The Commission went promptly to work on that job, and in 1917, in its annual report, announced that a draft revision of the customs laws had been prepared. On August 26, 1918, the Commission reported to the Ways and Means Committee of the House of Representatives, laying before the committee a proposed modification and revision of the administrative sections of the customs laws.

In 1921, when the Ways and Means Committee was actually engaged in the business of revising the tariff, the Tariff Commission again submitted its draft of a revised code of customs administrative laws.

The United States Tariff Commission in this field of customs administrative laws made 207 recommendations to the Ways and Means Committee, and 167 sections out of the 207, or 81 per cent, appear in the new Fordney-McCumber Tariff substantially as recommended by the commission.

These new administrative parts of the tariff have been modernized. Provisions are made for applying customs laws to imports by submarines and air craft, which are now included alongside the old classifications of vessels and vehicles. The old English term of "naval officer" has given place to the more significant term of comptroller of customs. The laws governing the report and entry of vessels, and the ascertainment and the collection of duties, the manipulation of merchandise in the bonded warehouse, and

Cakes, Wheat Screenings, Goats' Beards

CAKES, folding pocket scissors, marble statuary, oriental rugs, pineapples in brine, and bibulous paper, alias "blotters," are a few of the articles with which the Court of Customs Appeals will have to struggle this winter, according to the calendar of cases it has issued. The tariff gives rise to many highly technical questions that are calculated to make the most judicial mind dizzy, and which have a real significance in dollars and cents to someone. An example is the pending question whether wheat screenings are suitable at 10 per cent as a non-enumerated manufactured article or are free as wheat. What will happen when shipment of 23,000 pounds of goats' beards, reported as passing through the Panama Canal, reaches the customs there is no telling. Only those who go down to the sea in ships and make land at the customs house have an adequate idea of the oddities of international trade and the problems they present.

15, of which No. 15 is the free list. You may not hear anything more of Schedule K, and you may no longer associate that letter of the alphabet indissolubly with wool and its products, but unless we mistake you'll hear an earful about "Schedule 11—Wool and Manufactures of."

Schedule 11 and thirteen of its colleagues yield little to their alphabetical predecessors in Republican tariffs of other days in the protective character of their tone of voice. Stentorian, some people will style that voice.

What's going to happen under the new tariff? Will imports be checked? Shall we be unable to take payment in goods from Europe? Will the revenue from customs duties fall off? Will our exports suffer? And will foreign countries retaliate in kind? Or will American agriculture and forestry, and mining and manufacturing and shipping rally and boom? Will the yield from customs duties increase? Will foreign countries give us better tariff treatment than before? Will the American market become stabilized and be rid of dumping made possible by low exchange rates? These and more are among the questions that the newspaper reporters and journalists have been popping at Mr. Hoover and Mr. Barnes and the other great authorities on commerce since the 22d of September.

We've been listening acutely, but we haven't heard all the authoritative answers yet. And with all due modesty we are not just at this moment ready to give all of them; in fact, the more we think of it, we'd like to be given a little time—say four or five years—to think it over. Ask us some time

the enforcement of the laws, fines, penalties, and forfeitures, have been classified, assembled and consolidated.

Section 516 of the act makes provision that an American manufacturer, producer, or wholesaler may file a complaint with the Secretary of the Treasury when he feels that the appraised value of competitive imported merchandise of a kind in which he deals is put too low, and he is not receiving the measure of protection to which he feels himself entitled by the act. An American manufacturer, producer or wholesaler may write to the Secretary of the Treasury and learn the classification and the rate of duty applicable to a designated class of merchandise, and if he feels the proper rate of duty is not being assessed may file a complaint, and the machinery is available for appeal or protest to the Board of General Appraisers.

The new tariff lays very special stress on marking of imported merchandise. Under Section 526 of the administrative provisions it is made unlawful to import into the United States any foreign merchandise bearing a label, sign, print, package, wrapper, or receptacle with a trade mark owned by a citizen of the United States, and registered in the Patent Office, except with the written consent of the owner of such trade mark, produced at the time of making the entry. In the case of knives, clippers, shears, razors, surgical instruments, philosophical and scientific instruments, pliers, watch movements, clocks and clock movements, etc., there are very minute provisions right in the tariff schedules, requiring that such articles should bear the name of the maker or purchaser and the name of the country of origin conspicuously and indelibly. In the case of knives, it is provided that the indication of the country of origin must be die sunk conspicuously on the shank or tang of at least one, or, if practicable, on each and every blade. If we buy imported merchandise the new tariff provides the means for enabling us to see the fact at a glance in connection with numerous classes of goods.

The automobiles and automobile parts left in Europe by the American Expeditionary Forces have caused a good deal of worry in

some quarters in this country. Section 322 of the Act of 1922 disposes of what there may be left of that menace by providing that such goods brought into the United States shall pay a duty of 90 per cent ad valorem on the original value of the articles in the United States.

In the case of travelers' baggage brought

the President upon investigation of differences in costs of production at home and abroad finds that the duties fixed in the act do not equalize the said differences in costs of production, he shall ascertain the differences and proclaim the changes in classification or increase or decrease in rates of duty provided in the act, in order to equalize the cost of production. There is a leeway of thirty days after such proclamation, before the increased or decreased duties go into effect. There is likewise a provision that the total increase or decrease of such rates of duty shall not exceed 50 per cent of the rates specified in this act or any amendatory act. It should be noted that the provision relates to the possibility of decreasing the tariff rates as well as to the possibility of increasing them. These are the flexible tariff provisions. This introduces an element of flexibility in United States tariff rates which has been lacking in the past, and the operation of which will be scrutinized most carefully by everyone directly interested in the tariff.

American valuation as a basis for the assessment of ad valorem duties had a stormy career in the passage of the act. The House was determined that duties should be assessed on American valuation and announced a disposal to fight for it until some reputedly hot place should freeze over. The Senate, on the other hand, took the view that American valuation could not be demonstrated to live up to the claims of its advocates, and, submitted to the closest tests, was not worth trying as a general system.

There is a little of the American valuation idea in the Tariff Act of 1922, and what

there is is not the original American valuation but rather a much modified and exceptional application of a sort of American valuation. If the President finds such a wide difference in the cost of production at home and abroad that with the 50 per cent limitation imposed by the flexible tariff clause he cannot equalize the difference in costs, then the President may proclaim that the ad valorem duty upon the imported article shall be based upon the American selling price, as defined in the act, of any similar



What trade routes are wiped out, what new ones made by a tariff, not even the experts can tell. Shall the label on the box this man is swinging inboard next year read "Valparaiso" as it now reads "Calcutta"?

into the country by non-residents, it is provided that jewelry and similar articles worth \$300 or more shall pay the regular customs duty if sold within three years after the date of the arrival of such person in the United States. At one stage of the game it was proposed that the exemption for merchandise purchased abroad by travelers resident in the United States be raised to \$250, but the Fordney-McCumber Act retains the old limit of \$100 for such goods.

Section 315 of the act provides that when

competitive article manufactured or produced in the United States embraced within the class or kind of imported articles covered by the proclamation. And this kind of American valuation is further limited by the act as follows:

The ad valorem rate or rates of duty based upon such American selling price shall be the rate found, upon said investigation by the President, to be shown by the said differences in costs of production necessary to equalize such differences, but no such rate shall be decreased more than 50 per centum of the rate specified in Title One (that is, the rate schedules) of this Act upon such articles, nor shall any such rate be increased.

Section 402 of the Act provides:

The American selling price of any article manufactured or produced in the United States shall be the price, including the cost of all containers and coverings of whatever nature, and all other costs, charges and expenses incident to placing the merchandise in condition packed ready for delivery, at which such article is freely offered for sale to all purchasers in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities in such market, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such merchandise when sold in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

In the realm of tariff bargaining, the Tariff Act of 1922 covers new territory. A good many American manufacturers have felt that we have sat by and let foreign countries discriminate, either directly or indirectly, against us because we had no law giving us a weapon for defense. That ground of complaint no longer exists since September 22. Section 317 embodies a good deal of the Senate program of imposing additional duties, or even of putting an import embargo on the merchandise of any foreign country that discriminates in fact against the commerce of the United States, either directly or indirectly, by law or administrative regulation or practice. The President is authorized to determine and proclaim the new or additional rates of duty on the merchandise

that comes here from a country discriminating against us, such new or additional duties not to exceed 50 per cent ad valorem.

But it is not only in these special provisions of the tariff that there are weapons to meet actual discrimination. In the schedules themselves there are provisions intended to give the United States lower duties abroad, when foreign duties are unreasonably high and bear on characteristic American export products. Paragraph 369, covering automobiles, is an example in point. That provides that if any foreign country imposes a duty on automobiles, bodies, chassis, motorcycles, etc., which is higher than the duty on those products in the United States, there shall automatically be imposed upon that class of article when imported from the country in question into the United States a duty equal to that imposed by such country on American automobiles, etc.

Direct Action on Automobiles

THAT is to say that since the duty on automobiles, etc., in our new 1922 Tariff is 25 per cent ad valorem, the automobile manufacturers in some European countries are going to face higher duties in the United States. Take France, for example. I understand that the French customs duty on American automobiles is 45 per cent ad valorem. Some fine morning Messrs. Renault, Peugeot, Berliet, Panhard, et al., are going to come down to the office and find the sad news awaiting them that if they want to ship automobiles into the United States they must pay 45 per cent of the value of their product for the privilege. That is so, unless the French Government reduces its duty from 45 to 25 per cent ad valorem.

There is a little provision of this kind also in the tariff item bearing on bicycles, and there is another in the tariff item on calcium acetate, chloride, etc., which is on our free list. In the case of lumber, which is also on our free list, the President is authorized to negotiate with foreign countries to secure removal of their duties, and if the negotiations are not successful, lumber from those countries will have to pay the same duty in our ports that we have to pay on our lumber in their ports.

The act carries some comprehensive provisions aimed at checking unfair methods of competition and unfair acts in the importation of merchandise into the United States.

From the foregoing it is to be seen that the President of the United States has a merry lot of duties of investigation and determination to perform. Obviously, President Harding is not going to devote his time to these problems. The act itself provides that the United States Tariff Commission shall assist him in all these miscellaneous tasks, and the outline of the additional things which the United States Tariff Commission must do is long enough and detailed enough to indicate that the United States Tariff Commission, in connection with flexible tariff, discriminations, etc., is going to be one of the busiest little institutions around the national capital.

The automobile manufacturers and others have already called upon the Government to put the new clauses in operation without delay, and it is not the simplest thing in the world to do it. Suppose a country like Germany, for example, does not impose a high rate on automobiles and does not discriminate against the United States in favor of England, or France, or Belgium, or Italy, or Spain, but does put on a general prohibition on all imports of automobiles. Now Germany makes the Benz, the Adler, and a number of other automobiles that are exported from Germany. Germany may some day try to export these in greater quantities to the United States. Under the terms of the act will the German automobiles have to pay an increased rate of duty, although the rate of duty in the German tariff, academic as that may be, is less than our 25 per cent? Or will the new clauses cover a situation of that kind? These and others are among the numerous things which will keep the staff of the United States Tariff Commission sitting up nights, and the way the Tariff Commission does its numerous jobs will be watched with little less interest than the operation of the clauses of the tariff under which the commission will have to do its work, and the operation of the new schedules 1 to 15 of the Tariff Act of 1922.

City Zoning Is Sound Business

By JOHN IHLDER

Manager, Civic Development Department, Chamber of Commerce of the United States

ADVOCACY of city zoning regulation has swept across the country during the past three years until today nearly one hundred cities and towns have adopted zoning ordinances or are at work upon proposed ordinances. Every week brings word of other communities which have become interested. Until the present year there was practically no opposition to zoning as zoning, but only to specific provisions in individual ordinances. This, of course, was a condition which could not continue. No proposal which undertakes to guide the action of others than its sponsors can go long unchallenged. So zoning is being challenged.

The fact that it is being challenged is cause for general congratulation in which its sincere advocates must join, for no proposition is so fool proof, so free from the possibility of error, that it can safely be left entirely to the hands of those thoroughly committed to it. For the past year and a half at least, some of these advocates have been watching with misgiving the speed and ease with

which some communities have adopted ordinances, and they welcome the questioning which will bring to light defects in specific ordinances and so result in sound, constructive legislation.

Zoning has a sane, common-sense purpose—so to guide the development of a city's area that each part will be put to the most effective use and the whole community benefited by the substitution of system and order for chaos and disorder. This it seeks to accomplish by dividing the city's area into three kinds of districts—use, height and area. Each of these kinds of districts is then classified; for example, use districts are classified as residential, commercial, industrial. There may be one or there may be many districts of each class, depending upon the city's size, topography and present development. Any one district may be as small as a single block or square—though, except in outlying residence districts where a four-corners is classified as commercial in order to provide for neighborhood stores, the smallest size

is rare—or it may be quite large, though here again a limit is necessary in order that an industrial district, for instance, may be readily accessible from a workman's residential district.

The opposition to zoning so far seems to be due to two main causes; the natural opposition to any check on freedom of action, and the belief that zoning will prevent the greatest possible profit from an individual property in which the objector is interested. These are both legitimate causes for questioning a zoning ordinance, and the framers of the ordinance must take them into account. But the question whether to zone or not to zone cannot be answered upon the basis of these two points only; it must be upon a wider basis.

The advocates of zoning put their case upon this wider basis. They assert that the unregulated development of our cities has resulted in a degree of confusion which causes constant loss of surprisingly large amounts both in operation and in capital account.

This is, of course, most obvious in the largest cities. As one goes from them down to small cities and towns the loss becomes less apparent and to a considerable extent less real, until in villages it would be ludicrously pretentious to have an elaborate system of zoning. So, too, in private business, the careful thought which goes into distinctions between the departments of a great metropolitan department store would be ludicrous if applied to the general store of a village. Yet even the latter, small as it is, limited as are the varieties of goods in stock, simple as is its operation, benefits by a regime which values system and order. For the small town, zoning may be reduced to very simple terms. Yet, though the small town, like the mechanic who has only a dozen tools and so can remember where he left each one, may not find it very important to have a place for everything and to put everything in its place, system becomes important if the town grows into a city or the mechanic becomes proprietor of a large shop. And early habits of carelessness are hard to change.

The losses in operation due to lack of zoning may be divided into two groups: Those caused by effort and time wasted in overcoming non-contributing distances and crowds, and those caused by inadequate facilities.

So great is the loss caused by non-contributing distances and crowds that throughout all city history different kinds of businesses have tended to segregate themselves. But such blind and groping efforts have been only in small degree successful. New York, for example, has long had its so-called financial district, various wholesale districts, its great retail districts. Yet New York was the first American city to adopt a thorough-going zoning code. For New York's subway riders, from bank president to office boy—so great is the crowding now that even high-salaried executives have to abandon their automobiles far up town if they expect to reach the office before closing hour—must journey past miles of business buildings which mean nothing in their business lives. And having reached their subway destination they must slowly push their way through crowds of people with whom they will never have any contact, except a too close physical contact. Zoning seeks to reduce this loss by supplementing the blind efforts of the past with a carefully worked-out system that will give the maximum of convenience and accessibility to business.

At the same time zoning provides the possibility of increased facilities. The needs of heavy manufacturing, light manufacturing, retail trade, and of residence are different. To mix all these in one district is obviously wasteful of opportunity and wasteful of resources. To put dwellings along the line of a railroad from which spur tracks may readily be run is a detriment to the occupants, who suffer from noise, smoke and cinders, and it is a handicap to a prospective industrial plant which must pay for the site not only the cost of land but also of the buildings cumbering it. To put a factory in a residence district not only is likely to

entail needless trucking through streets unfitted for such use but diminishes property values on all sides.

To put a noisy or fume-producing industry or an automobile repair shop next to a department store will quickly reduce the latter's trade. Moreover, any such miscellany of uses will make more difficult and expensive an adequate provision of public services: the best sizes and shapes of blocks or squares are not the same in an industrial district, a commercial district, a residential district. The kinds of street paving required for the three differ, and one kind is far more expensive than another. The sizes of water mains, sewers, lighting conduits differ. Police and fire protection is more difficult in a miscellaneous district. With proper classification the proper building of the city not only becomes much less expensive, but facilities for each kind of district, now impracticable because of conflicting interests, become easily practicable.

This, in brief, is the argument of advocates so far as operation is concerned. But more important is the argument based upon capital losses. There are opponents who contend that the character of a city district changes every ten years and reason from this that a zoning ordinance will be antiquated soon after it is enacted. The come-back of the zoners reminds one of the Scotsman's response to the famous Dr. Johnson's sneer that in Scotland men are fed on oats which in England are given only to horses: "Yes, but see what men we have in Scotland and what horses you have in England." The zoners, too, say: "Yes, but the rapid change in the character of city districts is one of the strongest reasons for zoning. Zoning will slow up this change and so prevent the waste of many millions of dollars worth of buildings that are still perfectly good for their original use but are unfitted for the new use forced by the changed character of the district."

Any man who has kept his eyes open has seen good buildings demolished, has seen old buildings converted to uses for which they are most inefficient, simply because the district has changed. Advocates of zoning claim that most of these changes are unnecessary.

It is to be noted that the advocates do not claim zoning will prevent changes but will simply slow them up. They recognize that a city is a growing body and that changes must take place. So zoning regulations pro-

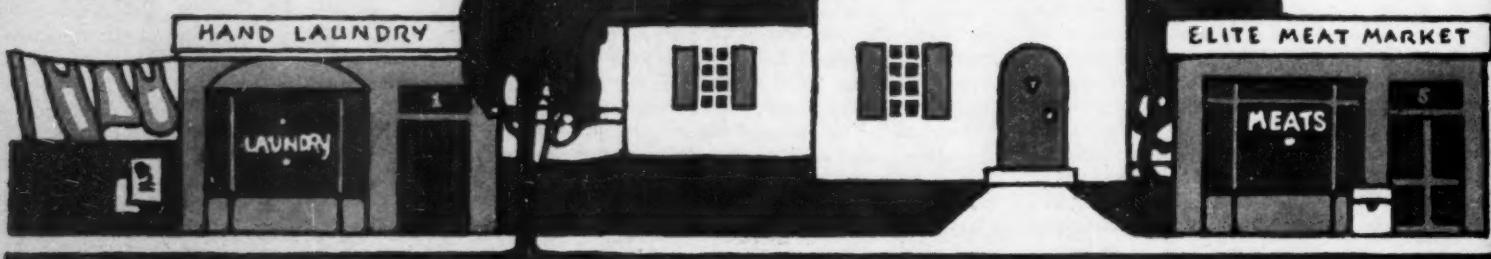
vide that on the initiative of property owners or on that of the public authorities the boundaries of a district may be changed or that it may be transferred from residential to commercial or industrial. What the regulations do is to prevent one owner from injuring his neighbor by erecting a store or a factory or a public garage in a residence district years before there is any prospect that other stores or factories or garages would come into that neighborhood. In this way the probable life of any building erected today will be greatly lengthened, and the builder will be justified in investing a larger amount in constructing a finer building.

The argument for zoning, then, is the common sense one that it will prove of practical benefit to the whole community. Granted this, it is still a question whether the particular ordinance proposed for a city is an application of this common sense. Are the areas allotted to industry those best fitted for industry? Are they large enough in the aggregate to provide for future development? Are the areas allotted to commerce adequate in location and size for the city's commercial needs? These are first considerations, for the city was built by and for business. Its future depends upon business. At the same time it must be recognized that business is not an end in itself, but a means to an end.

Business must, therefore, set boundaries for itself in order that it may not spoil the things it buys. If business is to ruin residence districts where men have invested the savings of a lifetime, if it is to make our schools ineffective by erecting next to them noisy, smoky foundries and shops, it is in large measure defeating its own purpose. The zoning regulations, therefore, protect residence districts from such intrusion in order that men may feel greater assurance in investing their savings in things that build up family and social life.

Once this argument for zoning is accepted the first of the objections disappears. There is little resentment at the traffic policeman who halts us at a busy corner, for it is obvious that the regulation of traffic benefits us all. As for those who oppose zoning because it interferes with the greatest possible profit for a given piece of land, there are two questions for them to answer: First, will their proposed development be an asset or a liability to the city? Second, will their expected profit materialize if their neighbors follow their example? Usually the argument of this group is based upon plans to utilize a plot of land for a very high building covering a large proportion of the plot, and therefore dependent for light and air upon being surrounded by lower buildings.

In any given district all owners should be assured equal opportunities. The maximum permitted any owner, therefore, should be that which all owners may utilize without mutual detriment. This, the advocates of zoning say, is not an unreasonable restriction upon private initiative, while it is at the same time a positive benefit to the community.



Business and Human Beings

By FRED C. KELLY

ABUSINESS man was telling me recently that whenever anyone came to see him and inquired if he were busy he invariably replied, no matter how busy he was:

"No, not at all. What can I do for you?"

His idea was that courtesy required him thus to put the caller at ease.

Visitors stayed too long, and recently this man tried the experiment of replying, when asked if he is busy:

"Yes, I am pretty busy, but I can give you a moment or two. What is it?"

But his callers stay exactly the same length of time, he says, that they used to stay when he said he wasn't busy. In other words, most callers are selfish and stay as long as they want to, unless compelled to go sooner.

I once met a grocer in a small village who was doing more business than the average storekeeper in a town ten times the size. His success came from the fact that he was keenly interested in his work far beyond the mere item of buying and selling at a profit. He aimed to know all about the hundreds of articles that he sold, and in doing this he became the most widely read and best informed man in his section. He got interested in the subject of spices and read books about Ceylon and other countries where his spices came from. He read up on coffee-raising, fish-canning and the fruit industry.

Among other things he learned that, while prunes are raised throughout the whole length of the State of California, there is one little section where they are better than those from any other part of the state. He arranged to sell only that kind of prunes. Another thing he found out was that fish canned in oil improves with age. When he bought sardines he put them in storage for six months before he sold them. Customers did not understand why it was that his sardines tasted better than those of exactly the same brand bought elsewhere—but they got into the habit of coming to his store.

business conference, the visitor is obliged to look up to him. His theory is that one cannot easily outwit or browbeat a man mounted on a pedestal. The idea is one that has been used for years by school teachers.

Another executive has the lighting so arranged in his office that a strong illumination falls on the face of a caller. This is believed to have an important psychological effect in making the caller feel that it will do him no good to be secretive—that he is right in a glare that will detect untruth or hypocrisy.

When Admiral Samuel MacGowan was paymaster general of the United States Navy, he always made it a point to be out of his office on Monday morning. He declared that many executives waste their time on Monday morning listening to foolish propositions that people have thought up over Sunday.

Twice within a week now I have bought articles or service for which I had no use and did not want, simply because I had the misfortune to fall into the hands of clever salesmen. I realized each time that I was being talked into something; but what could I do? If I objected to buying on the ground of economy, the salesman instantly had a dozen plausible arguments to show that I was shortsighted and that it would be uneconomical for me not to buy.

When a salesman cleverly answers every objection in such a way that you feel silly for having thought of such objections, one is almost compelled to buy and settle the argument. He has the advantage of knowing in advance, from previous experience, exactly what the prospect is going to say and can have an answer all ready to spring. The victim doesn't even know that the salesman is coming to see him and is caught totally unprepared. All business education is about how to sell. But little or nothing is done for the man who could greatly profit by a good course in *How To Resist Salesmanship*.

We are influenced every day in more ways than we realize by the habit of walking or driving to the right. More people will look at a display in a right-hand window than at a left-hand window in front of a store. Likewise, the right-hand space in a retail shop is more valuable than that at the other side—because people, in the habit of walking to the right, continue to do so after entering the shop. In big department stores, where there are elevators or washrooms at both the right and left sides, those at the right are almost invariably most used.

Dull looking business records often contain more romance than one would suspect. A statement of sales for a chain of retail candy stores in a big city show that three buying waves come at 5.30 p. m., 8.10 p. m. and shortly before midnight. Obviously, the buyers around 5.30 are men buying candy for wives and youngsters as they start home for dinner. But why should there be a selling flurry at exactly ten minutes after eight? Because 8.30 has for many years been the conventional hour for calling on one's sweetheart, and in most cities the time required to go from the downtown section to her home

is about twenty minutes. Hence much candy to carry to sweethearts is bought at about 8.10.

Not much candy is sold in the average store after 11.30 p. m., but nevertheless compared with the number of pedestrians abroad at that hour, the number of sales is often higher than at any other time of the day. In other words, those who are on the street then are the very ones likely to go to a store and buy candy. For many of these are men who promised to be home much earlier and they find it advantageous to have candy to help square things with their wives.



The word *artificial* is still in business disrepute, particularly when applied to jewels, because it suggests economy. Yet it is possible to manufacture synthetic sapphires, emeralds and rubies that well-nigh defy the trained eye of the expert. Not long ago an authority on gems, connected with a famous New York Jewelry establishment, paid \$4,800 for a sapphire which he later learned was an imitation worth not more than \$6.

If it is that difficult to tell the imitation from the real, why isn't one as valuable as another? Simply because of human psychology. Having long been accustomed to buying costly gems as a symbol of their purchasing ability, people are reluctant to recognize that there is no longer much gain in buying the costly *real* rather than the inexpensive *imitation*. You hear women say: "Oh, I don't want anything that isn't genuine. I don't care if the imitation is just as beautiful; I hate anything *artificial*."

Yet most clothing, furniture and automobiles are artificial and they are well thought of, because everybody knows that they are better than anything which can be taken in its natural condition and made to answer the same purpose. The true objection to the artificial is not that it isn't real but that it isn't sufficiently expensive.

At the present time, rubies, I believe, are worth more than diamonds—and this despite the fact that they are in much less demand than diamonds. The explanation is that only enough rubies are mined, or put on the market, to maintain such a supply and demand that the price will stay high. If the price ever should fall too low, then rubies might drop into a state of disesteem from which it would take years to recover.

Before paved roads were as common as they are today, a wholesale grocer told me that he could tell almost the exact condition of rural highways in certain sections by looking at his order sheets. When the roads are muddy farmers cannot readily get to town to exchange their produce for cash which then goes into circulation.



Grocers are as honest a lot of people as are to be found in business. There is an important reason for this. They deal largely with women. Only an honest man can long survive that! Women are the buyers for American homes, and they soon know when they are not getting a square deal. Once a woman is satisfied that her grocer looks after her interest when she gives him an order, you can scarcely drag her to another store.

A famous publisher has long made it a practice to have his desk and chair on a platform slightly higher than the rest of the room. When anybody comes to him for a

"Mr. Business, Meet the Public!"

By ROSCOE C. MITCHELL

SINCE THE days when Commodore Vanderbilt said—or, if you trust his present-day apologist, didn't say—"the public be damned," there has been a great change in the attitude of the American captains of industry toward the public and the public's representative, the newspaper reporter. The dominant figures of business take the public more and more into their confidence. Successful corporations and big financial institutions, reversing the old policy of secrecy, are employing publicity experts and installing mimeograph machines. For the old-time buffer, who was employed to keep the inquirer out, there is being substituted the glad-hand artist to welcome him into the erstwhile secret chambers.

It has taken years for the editor and reporter to change this attitude of suspicion and distrust to one of confidence and respect. The leader of industry has come to know from personal contact that the reporter is a man of honor and integrity, and likewise the newswriter has found that the master of millions is intensely human, even though at times he does show a strong aversion to seeing his name in the public prints.

In the fight to break down the barriers that excluded the reporter from important sources of news in the financial district, a great victory was achieved when the House of Morgan capitulated. Martin Egan, an old Associated Press man, was installed as publicity representative, but J. Pierpont Morgan, the elder, never became reconciled to the new order which had been brought about by his young partner, Henry P. Davison. On one occasion I obtained a lengthy interview with Mr. Morgan. It was one of the very few times that the great financier ever permitted himself to be quoted by the press.

My good fortune came about in a peculiar way. Back in 1906, when President Roosevelt was bringing every possible pressure to bear on Congress to enact into law the pending railroad rate measure, I was spending a pleasant evening at the old press club on Pennsylvania Avenue, indulging in what our English friends are wont to call "drawing poker." There were seven of us in the game when "Jack" Tinker, one of the regulars, came over to the table and told me that E. H. Harriman had just gone to the White House for a conference with the President.

I was then connected with the Associated Press and was responsible for reporting night conferences at the White House, and they were numerous during the Roosevelt Administration. Not suspecting that Tinker was giving me a false "tip" in order to get my seat in the game, I hurried to the White House.

"I have been trying to locate you," was the greeting I received from the chief usher, Mr. Hoover. "The President wishes to see you in the library."

When I stepped into the room, I was surprised to find the President laying down the law to Mr. Morgan in a most emphatic

way. The subject under consideration was the railroad rate legislation. Mr. Morgan seemed puzzled by my intrusion, but the President kept up his rapid-fire conversation and ignored my presence for ten minutes. Then, turning suddenly, he said:

"Here, Mitchell, I sent for you to say

BUSINESS suffered greatly during muckraking days because it was largely, to the public, a closed book. Success always is sinister, ten times ominous when its paths are hidden, and business deserved much criticism because it repelled unnecessarily, in and out of season, that emissary of the public—the reporter. The attitude, "none of your business," as a result took a big toll in ready cash and heart-burnings and industrial production.

Changes have come about. Two decades have seen a reversal on the part of leaders of industry and finance toward the daily press.

We asked Roscoe C. Mitchell, a reporter of wide experience, to tell how news avenues, which for many years were practically closed, have been opened up. In this number Mr. Mitchell relates his contacts with Mr. Morgan, Mr. Harriman, Mr. Carnegie and Mr. Rockefeller, who for years were dominant figures in what has come to be known in America as Big Business.

THE EDITOR

that Mr. Morgan wishes to give you a statement bearing on the Hepburn Bill. You may say that Mr. Morgan conferred with the President and that a satisfactory agreement has been reached with reference to changes in the pending legislation, which will make the law less objectionable, in Mr. Morgan's opinion, to the railroad owners and bondholders."

Bidding farewell to the President, Mr. Morgan hurried from the White House. I trailed at his heels and followed him into a one-horse cab. Without any word from Mr. Morgan, the old colored driver proceeded to the Hotel Arlington, just across Lafayette Park. When the cab came to a halt at a side entrance of the hotel, Mr. Morgan, whom I had been unable to engage in conversation, asked me to wait for him.

Carrying a big Gladstone bag, he rejoined me a few minutes later and we continued on to the old Pennsylvania Station, Sixth and B Streets. Still he treated my every attempt to question him with silence. When we reached the station, Mr. Morgan, straining under the burden of the heavy luggage, which he refused to surrender to an eager red-cap who had recognized him, led the way through the iron gates of the train shed and into a private car.

Once inside the car, the banker promptly drew the window shades. Taking from his inside pocket a long sheet of foolscap paper, he unfolded it, and, still ignoring my presence, proceeded to read and reread the statement he had prepared at the White House. Replacing the statement in his inside pocket, he carefully buttoned his coat. He paced back and forth for the length of the car. I had a strong hunch that he was debating as to whether he should permit the statement to leave his hands. Finally, turning to me, he said:

"You understand, young man, that if I give you this statement it is to be used without any change whatsoever."

When I assured him that he need have no fear on this score, Mr. Morgan handed me the statement and dismissed me with a cordial handshake.

After a careful study of Mr. Morgan's statement, which had been written by the banker with a lead pencil and edited by the President with a pen, I prepared an introductory paragraph telling of the conference between the President and Mr. Morgan, and then quoted the statement in full. With the ending of the quotation marks, I continued for a column or more explaining the significance of the agreement entered into between the President and the man whose authority to speak for the financial interests of the country was unquestioned. Mr. Morgan sailed the next day for Europe, and in due course the Hepburn Bill was enacted into law.

Shortly after midnight I returned to the press club. Two of the players had dropped out of the game; and Tinker gave me the laugh.

"Did you find Mr. Harriman?" he asked.

"No," I replied, "I had to content myself with a column and a half interview with J. P. Morgan."

"Yes," he laughed, "it does beat Sam Hill how that old pauper is always trying to get his name into the newspapers."

And the game ran on until about one-thirty o'clock, when two of the players, one of them Tinker, received telegrams from their offices. Tinker's managing editor wired:

"Why did you not send story of Morgan's conference with Roosevelt? A. P. has nearly two columns. Rush new lead for city edition."

Unable to pry the information from me, Tinker had no alternative other than to confess to his office that he had been beaten on the story.

Another big figure in the world of finance who for many years had a strong aversion to newspaper publicity was Mr. Edward H. Harriman, considered by many as the greatest railroad genius this country has ever produced. In the later years of his life, however, Mr. Harriman completely changed about face after he had discovered that it was good business to take the public into his confidence. Once convinced that he could depend on the reporters not to violate his confidence, Mr. Harriman seemed to take great pleasure in talking to the newspaper men whenever he had any important information to impart to the public.

While in Europe in the summer of 1909, Mr. Harriman suffered a physical breakdown. After consulting specialists in Munich, he returned to New York on the *Kaiser Wilhelm*, arriving on August 24. Attended by his family physician, Dr. William Gordon Lyle, and nurses, he was removed to Tower Hill, his mountain-top estate at Arden, in Orange County, New York, where



he died on September 9. News of the serious illness of the great railroad builder and financier was the cause of much excitement in the Wall Street district.

Reporters and photographers flocked to Arden. There they found that Tower Hill had been practically isolated from the outside world. Approach to the castle was by a privately owned incline railway and by a winding automobile road. Sentries had been stationed at these points, and only members of the family, intimate personal friends and business associates were permitted to get within a mile of Mr. Harriman's home. Telephone communication with the house had been suspended in so far as the newspaper correspondents were concerned. Because of these restrictions, no person could leave the estate without being questioned by the reporters. Alarming reports as to Mr. Harriman's physical condition were being circulated in the village. Eminent surgeons were summoned, and there were rumors that the railroad magnate was to undergo an operation.

In a dilemma as to how we were to reconcile the official bulletins with the conflicting advices received through private sources, the reporters for half a dozen of the conservative newspapers, who were determined to get at the facts, finally drafted a "Round Robin" letter and succeeded in smuggling it past the army of sentries, doctors and nurses, and into the hands of the sick man in his palace on top of the mountain. Mr. Harriman was told of the difficulties under which the newspaper men were working, and he was urged to issue a statement explaining the exact nature of his illness and was requested to send his reply to the reporters at the foot of the incline at four o'clock in the afternoon.

Back came an answer at the appointed hour. It had been dictated by Mr. Harriman to his daughter, Miss Mary, and was written on correspondence note paper. On the top marginal border, Mr. Harriman, in a bold, firm hand, had penned the names of the six correspondents who had signed the letter and had attached his own signature. After explaining the nature of his illness and assuring the reporters that he was rapidly regaining his strength, his letter concluded:

This covers the whole case, and later on, if the representatives of the press desire and there is any purpose to be accomplished, I will see them up here, but now I ask that the surveillance of the operations of my home be withdrawn, not so much on account of my

family or myself, but that the coming and going of my friends may not be interfered with. . . . If there was or should be anything serious, I will let the press know, and as I have never deceived them I ask that the press now withdraw its representatives and rely upon me.

Mr. Harriman's request was communicated to our editors, and after receiving permission to return to New York, we sent to Mr. Harriman this telegram:

In reply to your letter, we beg to inform you that the representatives of all the newspapers, both morning and afternoon, will return to New York this evening. We thank you for your courtesy and heartily congratulate you on your improvement. We hope that it will continue and that in the near future we shall have the pleasure of seeing you back at your desk in New York City.

The newspapers had every faith in Mr. Harriman and they were willing to play fairly with him. There was no desire to annoy members of his family or to cross-question his visitors. If, on the other hand, Mr. Harriman was critically ill, it was the business of the newspapers to keep the public fully advised. He was one of the commanding figures in the railroad and the financial world. There was more than mere curiosity in the public's interest.

A Compact With the Public

AND on his death-bed Mr. Harriman kept this compact with his newspaper friends. Word was flashed to one of the signers of the "Round Robin" to return to Arden. Appreciating the full significance of the summons, the message was passed down the line to all the reporters. That night we were back on the job, and we remained at Arden until several days later, when Judge Robert S. Lovett, the railroad magnate's closest friend and business associate, came down to the foot of the railway incline and met the assembled reporters.

"Gentlemen," he said, "Mr. Harriman passed away at five minutes after three o'clock this afternoon. It was his desire that you gentlemen be promptly advised."

It was never difficult for reporters to reach Andrew Carnegie on important matters. It was necessary to communicate with his secretary, Mr. Bertram, and arrange an appointment and at the same time explaining what subject the ironmaster would be asked to discuss. World peace was, of course, his pet hobby. For several years before his death, he made it a practice annually to re-

ceive a large delegation of reporters and photographers on the anniversary of his birth. On these occasions the canny little Scotchman would let down the bars and discuss any subject from the boll weevil to Jim Ham Lewis' pink whiskers. He was interested in the success of young men and took particular delight in advising reporters to learn the lesson of thrift.

One of my newspaper colleagues, Jack Binns, the wireless operator hero of the steamship *Republic* disaster, who is now on the staff of the New York *Tribune*, was on one occasion summoned to the Laird of Skibo's Fifth Avenue mansion. Hurrying forth with the expectation of receiving a good news "beat," Binns was somewhat surprised to find that the multi-millionaire wished to borrow \$12,000. Binns wrote his check for the amount, and he later showed me Mr. Carnegie's promissory note written in the ironmaster's own hand on a sheet of embossed correspondence paper.

Here is how it came about: Several months after the sinking of the *Republic*, when Binns flashed the call for help and remained at his post until passengers had been rescued by the steamship *Baltic*, Mr. Carnegie, returning from Europe on a transatlantic liner, learned that the young *Republic* hero was the wireless operator on his ship. Mr. Carnegie called at the wireless cabin and had a long chat with the young Englishman. He was much impressed by the modest demeanor of Binns and was especially pleased that the wireless operator had declined to capitalize his harrowing experience by refusing to accept a large sum offered him by a moving picture concern.

Several months after his return to New York, Mr. Carnegie addressed a letter to Binns, who in the meanwhile had gone to work as a reporter on a New York newspaper, and enclosed his personal check—as I remember it was for \$50. He explained to Binns that after investigation he had found that no provision had been made by the Carnegie Hero Funds to reward such an act of heroism on the high seas and that, therefore, he had decided to place Mr. Binns' name on his private list, and that a check would be mailed to him monthly, or quarterly.

Binns thanked the ironmaster, but returned to him his check. Later, Binns had obtained a judgment and collected \$12,000 damages from a moving picture concern because of the fact that this company, without Binns' knowledge or consent, had distributed a film purporting to show the young wireless

operator flashing the distress call from an ocean liner. The picture was, of course, of another young man who had been used by the moving picture people to impersonate the wireless hero. Mr. Carnegie had learned through the newspapers that Binns had collected the \$12,000 in settlement of his suit. He probably thought he saw an opportunity to invest the amount to advantage for the young man, and at the same time to give him his personal note as a guarantee against loss.

Sometimes even the trivial side of a great man appeals to the public. There is one experience I had with Mr. Carnegie. I had a copy of a cable from Berlin relative to some move made by the then Emperor William looking to the promotion of world peace. My city editor had asked that I get Mr. Carnegie to comment on the cable dispatch. I located Mr. Carnegie at a meeting of the Civic Federation at the Hotel Astor. When the meeting had concluded and the guests were taking their departure, I rushed over to the speakers' table to have a word with him. Just as I spoke to Mr. Carnegie, I was surprised to see him dart suddenly on all fours under the table without acknowledging my greeting. I pursued my quarry to his place of refuge. As I crawled under the table, I saw the ironmaster on hands and knees and a worried look on his bearded countenance.

Before I could delve further into the mystery, Mr. Carnegie's face was beaming. Getting back on his feet, he displayed a quarter and a dime. Happy as a ten-year-old on a Christmas morning, he explained:

"I had taken this ten cents from my pocket to give to the hat check girl at the door. When you spoke to me I dropped the coin. Now I have recovered my original coin and an additional twenty-five cents. I tell you, my boy, it's better to be born lucky than rich."

One Sunday afternoon in the early autumn of 1911 I accompanied Mr. John D. Rockefeller, Sr., on a two hours' stroll through the San Juan Hill district, the black belt of New York and the rendezvous of the West Side gangsters; across "Death Avenue," where the constantly moving freight trains seem to vie with the professional gunmen in reducing the population of New York. Walking down Fifth Avenue, I saw Mr. Rockefeller descending the steps of his home in West Fifty-fourth Street, attired in high hat, spats and an English walking suit. Swinging his cane jauntily, he turned in the direction of Sixth Avenue. I had met Mr. Rockefeller on one or two occasions. I knew him just about as well as my barber knows President Harding, the barber having passed in line with 3,000 others at the last New Year's reception at the White House. Speeding up my pace, I soon overtook Mr. Rockefeller and fell in line with him. He said he remembered me quite well and offered no objection to my accompanying him on his afternoon stroll. With his first question, the explanation of his cordial reception began to dawn on me.

"And how is your father?" he asked.

"Oh, he is quite well, I thank you," was my rejoinder. I thought it discreet, however, not to devote too much time to a discussion of my father's health.

After several misques, I succeeded in getting the conversation launched into safer channels. But I couldn't hold him there.

"And how did you enjoy the sermon this morning?" was his next query.

Since I had not been inside of a church for several years, I decided that after all honesty is the best policy.

"I believe, Mr. Rockefeller, that you have

me confused with someone else. I am a reporter for the New York *Herald*," I explained.

"Yes, yes," said he. "That's interesting. But you do go to church?"

I explained that I had been brought up in a Presbyterian church in North Carolina, but that upon reaching the age of discretion I had been duly baptized into the Baptist church. Being a good Baptist himself, that seemed to please Mr. Rockefeller, and for the remainder of the afternoon it seemed to make little difference to him that I was not the son of his fellow-deacon at the Fifth Avenue Baptist.

By this time we had crossed Broadway and were entering that section where—looking at the matter through Mr. Rockefeller's spectacles—"the other half lives."

Golf, politics, reckless driving, journalism, thrift and children were some of the subject discussed.

We crossed Ninth Avenue, and yet no one had shown any signs of recognizing the world's richest man who was walking at my side. He told me that he often walked alone into this section of the city, and said that he derived much pleasure in mingling with people who did not recognize him.

Crap Game Shocks John D.

EVRYTHING ran smoothly until we approached a group of youngsters of every shade of color sprawled out over the sidewalk. They were talking loudly, and there were wild gesticulations of bare arms. In the center of the group was kneeling a ten-year-old pickaninny, who was rubbing his hands together feverishly.

"Come seben! Three and four! Two and five! Six and one! Oh, you seben!" was his plaintive chant.

And from his coffee-hued hands shot two cubes.

Ten pairs of eager eyes bulged until the dice came to a standstill on the uneven flag stones.

"There she am! Five and six is 'lever! Leave it stay! Shoots the whole works! Is I faded?"

With hands resting on his knees and a puzzled expression on his face, Mr. Rockefeller watched the crap game.

"I believe," he said to me in a subdued voice, "that these children are gambling."

I admitted that it did look to me like some game of chance.

Our presence was ignored until Mr. Rockefeller, reaching his hand into his pocket, brought out six or eight brand new dimes.

"Great gee-whilkins," I thought, "is the old man going to get into this crap game."

Tapping the negro boy on the shoulder, Mr. Rockefeller said:

"My boy, this is wrong. You must not gamble. And this is the Sabbath day, too. Here, now, take these dimes and you children run along home. That's a good boy."

"What you think we is, man?" asked the pickaninny, in a disgusted tone of voice. "Come here handing out that chicken feed when I is throwing these bones for six bits a throw. Gwan."

Mr. Rockefeller could not buy off the youthful crap-shooters.

Ten feet from the crap game, as we were about to step from the curb into Tenth Avenue, a taxi took the corner on two wheels. Mr. Rockefeller escaped by a hair's breadth. If I had not caught his arm and pulled him back, he would have been hurled to the cobble-stones by the automobile. Throwing on his brakes and coming to a quick halt, the chauffeur proceeded to bawl us out.

"Hain't you guys got any eyes? Where you think you walking all dressed up like a undertaker? Can't you see a taxi cab? Want to get to a hospital, I reckon! Hadn't been for me being on my job you'd been deader than a doornail, now!"

Getting out of the block where such little respect was shown for top hats and spats, I piloted Mr. Rockefeller on until we reached the banks of the Hudson River. Here the great man, whose stupendous fortune had been founded on hard work, whiled away nearly an hour chatting with men in overalls. He kept the newly coined dimes in his pocket and refrained from lecturing other breakers of the Sabbath. And in the cool of the afternoon we strolled back to Mr. Rockefeller's home. At Sixth Avenue and Fifty-fourth Street we were met by Mr. John D. Rockefeller, Jr., who seemed a bit worried that his father was returning an hour later than usual.

Where the Cost of Living is High

INDEX NUMBERS for prices of commodities in Moscow have been solemnly compiled and published. Taking prices in 1913 as 100, in the orthodox fashion, the Russian statisticians announce that the index number in the third week of May, 1922, stood at 544,546,854! Figures may not lie, but in the case of Russia they contain a very small part of the story.

Some other index numbers being published in Russia in fact refer to other parts of the story. For example, index numbers have been constructed for production of important materials and for output per worker. They show that the Russian output of iron in 1921 was less than 2 per cent of the production in the prewar period and that the output per worker in the industry was only 8 per cent of what each worker produced before the war. In coal the total output was 23 per cent of the prewar figure, and per miner actually working was 36 per cent. Salt was the only mineral in which increased production was apparent in 1921 over 1920. In the earlier year the total product had been 28 per cent of the prewar amount and the efficiency of workers stood at 42 per cent,

whereas in the later year the total product rose to 55 per cent and individual efficiency to 63 per cent.

According to an economic journal published in Moscow, capital is urgently needed. As things stand, the Soviet government is the only capitalist in Russia, but it has no money! An appeal for foreign capital, this journal concludes, is inevitable. It estimates the proportion of foreign capital to all investments in Russian mining industries in 1913 as

Platinum, 92 per cent.

Coal, 70 per cent.

Petroleum, 70 per cent.

Iron, 100 per cent in one district and 50 per cent in another.

Agriculture seems to be competing with mines for labor. In connection with the coal situation, the complaint is made that large farmers are attracting a goodly portion of the skilled coal miners by offering them 100 pounds of grain as hire for the harvest. This is equivalent to something like sixty bushels. Obviously, miners find more compensation in wages paid in grain than in wages paid in a bundle of printed paper.

Shopmen's Strike—Who Won It?

By RICHARD WATERMAN

Chief, Railroad Bureau, Chamber of Commerce of the United States

EVERY DAY men ask—Is the railroad strike really over? Who won? Who lost? And why? They find in the daily papers the most conflicting statements. It is reported that the shopmen have won a glorious victory, that the railroads have completely defeated the strike, that the decisions of the Railroad Labor Board have been upheld, that the Labor Board is utterly discredited, and so on. These statements cannot all be true. What are the facts?

In its issue of September 23, *The Traffic World* said in an editorial:

As the days pass it becomes increasingly evident that the proposed settlement of the railroad shopmen's strike, as embodied in the so-called Willard-Jewell plan, has not proved a panacea. Comparatively few of the railroads have adopted the plan. . . . His (Mr. Jewell's) job now is to induce railroads to adopt this plan of settlement, that his men may go back to work. And whatever else may be said for or against the plan, it does not give the men a thing that they did not have before they struck. In other words, even under this plan, so urgently advocated by Mr. Jewell and his associates, the strikers have absolutely lost their cause. The best they can possibly get under it is the right to return to work at the same pay and on the same basis as before they went out.

The Willard-Jewell agreement provides that on all of the railroads subscribing the men shall have an opportunity to return in positions of the same class they originally held on June 30, 1922, and at the same point. As many as possible of such men are to be put to work immediately at present rates of pay—that is, at the rates authorized by the Railroad Labor Board; and all such employees who have been on strike shall be put to work or under pay not later than thirty days after the signing of the agreement except such men as have been proven guilty of acts of violence. It also provides that "the relative standing as between themselves, of men returning to work, will be restored as of June 30, 1922, and they will be called back to work in that order."

It is reported that railroads having about one-half of the mileage of the country have entered into agreements based on the Willard-Jewell agreement. In most cases it is understood that the rights of the loyal men who remained at work and the new men who were employed during the strike shall be protected and the returning strikers shall take their places in the seniority list below both of these classes.

The railroads operating the other half of the mileage of the country have made no agreement with their shopmen with a view to ending the strike. During the past three months they have built up their shop forces to the point where they regard it as unnecessary to take any formal action to end the strike.

On the Union Pacific, for example, 95 per cent of the shopmen went out on July 1. The railroad immediately began to build up its shop force and on September 7 announced:

We were compelled to recruit our forces, and we have done so. The Union Pacific has at this writing a force of 82 per cent of its normal; the men are cheerfully working longer hours than ordinarily—longer than we desire—and longer than they would want to under ordinary circumstances. We will get along

the strike is not disposed of by the settlement, as neither party yielded its position, but the matter is referred to a commission, composed of representatives of both sides. This is nothing more or less than an adjustment board, with jurisdiction limited to questions arising out of the strike, and is in strict conformity with the Transportation Act.

As soon as the provisions of the Willard-Jewell plan were publicly announced, the Executive Council of the railway employees department of the American Federation of Labor issued a statement reading in part as follows:

The settlement speaks for itself. . . . We have neither criticism to make nor excuses to offer. . . . We conducted our proceedings under well recognized labor policies of long standing. The public will not believe that the rank and file of labor condone acts of violence resulting in loss of life among train service employees or others. . . . We have agreed to terms of settlement, yielding wherever possible and standing when there was no other avenue open honorable to those we represent; our duty to the country we have fully recognized. We have given up much for industrial peace.

One of the most important results of the shopmen's strike is the effect it has had on organized labor as a whole. The six shopmen's unions that are nation-wide in their membership and have, in the recent past, been working under national agreements, are all members of the Railroad Employees Department of the American Federation of Labor. Before the strike they were very strongly entrenched on practically every railroad in the country. As a result of the strike these unions have disappeared on many of the most important railroads and have been replaced by new organizations, combining in most cases all of the shopmen into a single system organization that will in future carry on all negotiations between the management and the shopmen of that railroad, and will represent the shopmen of that road before the Railroad Labor Board.

One question that is asked by a great many people is: What will be the effect of the strike on the pension systems of the railroads? It is frequently reported that the striking shopmen have lost, not only their seniority rights, but their pension rights. This is not true. The pension systems of the railroads are established for the purpose of encouraging employees to give continuous service. The establishment of a pension system is a voluntary act on the part of the roads; it does not constitute a contract and it can be discontinued at any time. As a rule, however, the railroads have not deprived returning strikers of their pension privileges and do not propose to do so. The Pennsylvania system, for example, said in a statement issued July 31: "If a shopman now on strike on the Pennsylvania Railroad seeks reinstatement and is accepted, he loses seniority rights and his name goes at the bottom of the seniority roster, at the point where he is employed, but he does not lose anything at all of the accumulated benefit of his previous years' service with respect to his pension privileges."

On Sweeping Dirt under the Bed

TO THE HOUSEKEEPER of a generation or two ago, unrelenting in her pursuit of dirt and ignorant of vacuum cleaners, this was the acme of shiftlessness:

"She's the kind that sweeps the dirt under the bed."

There's a danger that our easily contented American public will do something of the sort with the railroad strike. That's why we asked Mr. Waterman to reckon up the account of American business with the shopmen's strike as it stands now and to make it plain that there's a balance yet to be settled.

THE EDITOR

if no more of the former employees return to work, but the strike is irreparably lost so far as this company is concerned.

It may be of interest to present a list of some of the big roads that have settled the strike on their own lines, either by signing agreements based wholly, or in part, on the Willard-Jewell plan, or by disregarding the Willard-Jewell plan and making agreements directly with their own employees.

The list of roads that have accepted the Willard-Jewell settlement in its original form, includes: Baltimore and Ohio, Southern, Chicago, Milwaukee and St. Paul, Chicago Northwestern, New York Central, Seaboard, and a number of other lines, having a total of about 50,000 miles of road.

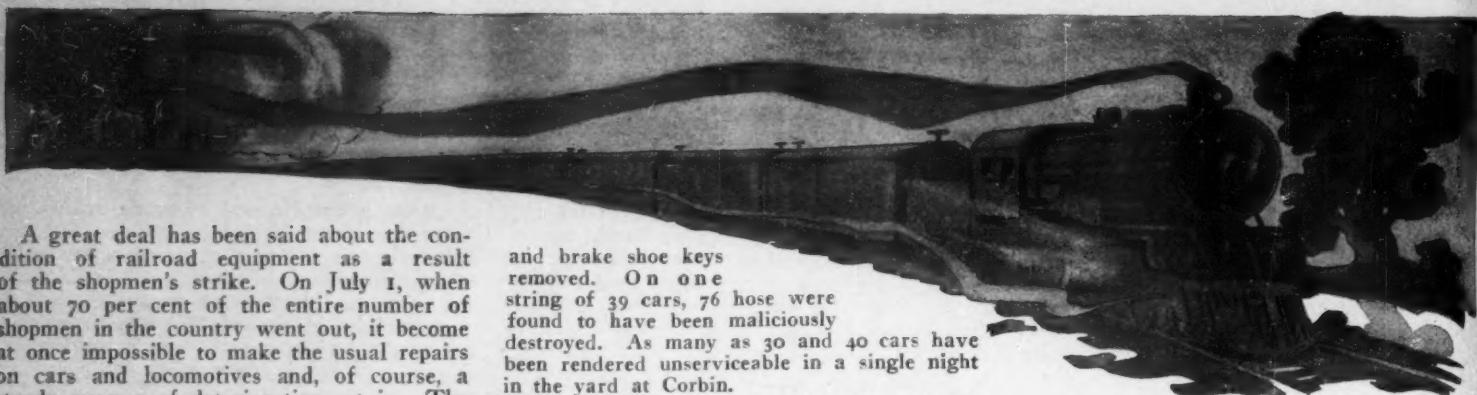
The list of roads that have disregarded the proposed plan of settlement and have made agreements with their own employees as Company organizations, includes: Atchison, Topeka and Santa Fe, Chicago, Burlington and Quincy, Great Northern, Illinois Central, Frisco, Southern Pacific, and a number of other roads, having a total of about 60,000 miles of road.

Half of the railroads of the country, with about 120,000 miles of road, have as yet made no agreements with their employees.

When Chairman Ben. W. Hooper was asked to comment on the proposed peace plan, he said:

The new settlement sustains the Transportation Act and the theory of orderly procedure for the adjustment of labor troubles in the railway industry. The decisions of the Labor Board stand unmodified by the appeal to economic and physical force. All the questions upon which the strike was predicated will come back to the board, if the parties desire to bring them there. If they should be, at any time, reopened, the board will accord them the fullest and fairest consideration, without any spirit of vindictiveness or reprisal.

The question of seniority that arose out of



A great deal has been said about the condition of railroad equipment as a result of the shopmen's strike. On July 1, when about 70 per cent of the entire number of shopmen in the country went out, it became at once impossible to make the usual repairs on cars and locomotives and, of course, a steady process of deterioration set in. The number of bad order cars and bad order locomotives increased from week to week during July and the greater part of August, and on some roads it seemed probable that it would be necessary either to end the strike or cease operation. But the railroads made a steady and successful effort to build up their shop forces and by the end of August were able to reduce the number of bad order cars from week to week, and to check the increase in the number of bad order locomotives. The condition of the equipment is now being improved steadily and within a few weeks will be reasonably near to normal.

One of the storm centers during the railroad strike was the city of Corbin, Ky. Ordinarily thirty-five long trains of coal cars are dispatched over the Louisville and Nashville Railroad from Corbin every day. Immediately after July 1 the number of trains daily dropped to six. The coal strike and the railroad strike combined served to almost paralyze the movement of coal through Corbin. The steps taken by this railroad to restore normal conditions and resume operations are described as follows:

Corbin is exclusively a railroad town, and local sympathy was lined up solidly behind the striking shopmen. Therefore, before a new force could be built up it was necessary to establish a self-contained camp at the terminal with a complete commissary organization. Beginning July 7, a camp of 150 sleeping tents, floored and electric lighted, was established in three villages with seven complete kitchen and dining-tent units. Everything possible, under the circumstances, has been done to make agreeable the life of employees compelled to live in complete isolation from direct contact with the outside world. The camp includes shower baths, an emergency hospital, a moving picture show and a radio outfit. Open entertainments for the benefit of the employees are provided by the two latter facilities every evening. A check car has also been provided, where personal effects may be stored in safety.

Since the establishment of this camp, notwithstanding a lack of trained subforeman, the force has been gradually built up and developed into a working organization, the effectiveness of which is constantly increasing. At the end of August, it consisted of approximately 650 mechanics and helpers and about 150 laborers, in addition to about 200 guards required properly to patrol the railroad property through the twenty-four hours.

But delays incident to the building up of a new organization in the Corbin terminal were by no means the only obstacles placed in the way of the movement of traffic. At the beginning of the strike there were about 3,500 loads on hand on the Cumberland Valley division outside of Corbin and 1,200 loads in the yards at Corbin. At the outset all of this equipment was unguarded, and when power began to be available whole strings of these loads at the tipples or on sidings were found with the air hose cut and with coupler knuckles, brake shoes

and brake shoe keys removed. On one string of 39 cars, 76 hose were found to have been maliciously destroyed. As many as 30 and 40 cars have been rendered unserviceable in a single night in the yard at Corbin.

Up to August 28 there were clear records of 1,122 cars in Corbin and on the lines adjacent to Corbin on which the air hose was cut, 75 cars on which the passage through the hose was stopped, and 150 on which the journals, couplers and brake shoes had been tampered with.

The Charges of Lawlessness

IT was sabotage and violence and disorder of this kind throughout the country that led the Department of Justice to seek an injunction against the leaders of the shopmen's strike. On September 11, the government officials issued a statement giving some of the details of the government's sabotage and conspiracy charges against the shop crafts. This statement said in part:

Since the commencement of the present railroad strike acts of depredation have been committed in practically every state and judicial district in the United States. The efforts of the perpetrators are concentrated upon the two ends—destruction and intimidation. The means to attain these ends are almost indescribable . . .

The venom of the participants in this strike has not ceased with ordinary assaults, bombing, dynamiting, wrecking of trains, or minor depredations, but has been in many instances satisfied only with the taking of human life.

At least 25 murders have been reported. Many have indirectly met their death or been fatally injured through strike causes, and these results were not confined solely to those opposing the views of the shopmen now on strike. Many were men, women, and children whose only purpose was to travel from one point to another, sometimes because of necessity and sometimes for pleasure, but always with no thought of entering into the controversy . . .

It has become necessary to appoint approximately 5,500 United States deputy marshals to assist in the protection of interstate commerce and the United States mails. Approximately 950 mail trains have had to be discontinued; several roads have been compelled to discontinue trains in order that coal orders might receive priority, and many roads have placed embargoes upon perishable products. During the trouble in northern and southern California, it is estimated \$75,000,000 damage was caused by inability of the carriers to transport fruit ready for market . . .

Many derailments have occurred. The general scheme adopted has been to remove spikes from the tracks, often on curves.

It would be almost impossible to enumerate the various assaults which have been perpetrated. Whippings were resorted to in practically every instance where strikers were able to lay their hands upon those whom the railroads have secured to take their places. When they could not be apprehended, stones were thrown at them. Pepper was sometimes thrown in the faces of women accompanying them. Shots were fired, and other acts, equally as detestable, were indulged in. Tarrings and featherings are included in the list, and in many cases.

These are some of the considerations pre-

sented by the United States Government as a reason for granting the injunction. The court first issued a temporary restraining order and then after further consideration issued a temporary injunction. Commenting on this fact in a recent newspaper article, David Lawrence said "In political circles the injunction is looked upon as epochal; unless labor should succeed in setting it aside through reversals in the higher court the decree is permanent."

The railway unions have already announced, however, that they will carry their appeal to the Supreme Court and try to have the injunction set aside. Whether they succeed or not in their court action, they will in addition carry the fight to the floors of Congress and will attempt to secure the passage of a law that will prevent the granting of similar injunctions in the future.

It is, therefore, already certain that the railroad labor question will receive consideration from Congress during the next session. The railway Brotherhoods will try to force the repeal of the labor provisions of the Transportation Act and to abolish the Railroad Labor Board; other powerful organizations will try to secure legislation that will strengthen the labor provisions of the act and thus make it possible for the Labor Board to enforce its decisions; still other groups will try to transfer the powers of the Labor Board to the Interstate Commerce Commission or to substitute for the Labor Board a new tribunal for the settlement of disputes that will be differently constituted—one that will have the powers of a court. There will also be a determined effort to create some permanent official agency for the purpose of assembling all of the facts that have a bearing on the railroad labor question in order to have them ready to aid in the prevention of future railroad labor controversies.

Watching Commission Houses

LIVESTOCK COMMISSION MEN in Canada are coming under some new regulations which may have been stimulated by our new law respecting stockyards but are different in principle. The new Canadian regulations are being imposed by the Livestock Branch of the Canadian Department of Agriculture. They require a license from an exchange for each commission house, a bond of \$10,000 given to the government for protection of shippers of stock, and a separate bank account for each commission firm into which receipts from sales are deposited and out of which the firm may check only for designated purposes, including, of course, the purpose of making payments to shippers.

The Financier

By WILLIAM ROSE BENET

Author of "Young Adventure," "Heavens and Earth," etc.

"Money making has been the one all-absorbing occupation in this country for the last forty years. About the only goal we have had has been the almighty dollar. . . . If our country is to prosper, if we are to take our proper place among the nations of the world in the new civilization that is upon us, the man of the future must live not for himself alone but for others. He must cast aside the methods and precedents of a bygone age and strike out boldly along new lines."

GEORGE W. PERKINS.

**"What is gold? More power! What is power? More gain!
Blown out in an hour with the light in the brain!
What is service? Performing the commands of the soul—
Great white steeds storming to a glorious goal!"**

Bent intent on his papers in a patch of light
From the desk-electric, where he toiled through the night,
Words swam to derision, black figures blurred.
Enthralled by a vision, the schemer heard.

Heard the challenge to all power of mere steel and stone;
The challenge from all power that is blood and bone;
Heard the unborn hour like a trumpet far-blown;
And Man's heart beating in the dark, alone.

Yes, and heard as if words took shape and said,
"By your living captains, by your captains dead,
By all endeavor that is strong and bold,
Build now forever past the power of gold!

"For mere power of gold turns around to rend.
But a power untold shall abide the end
Now if all grip hands with new faith in men,
If Man's purpose stands in the light again.

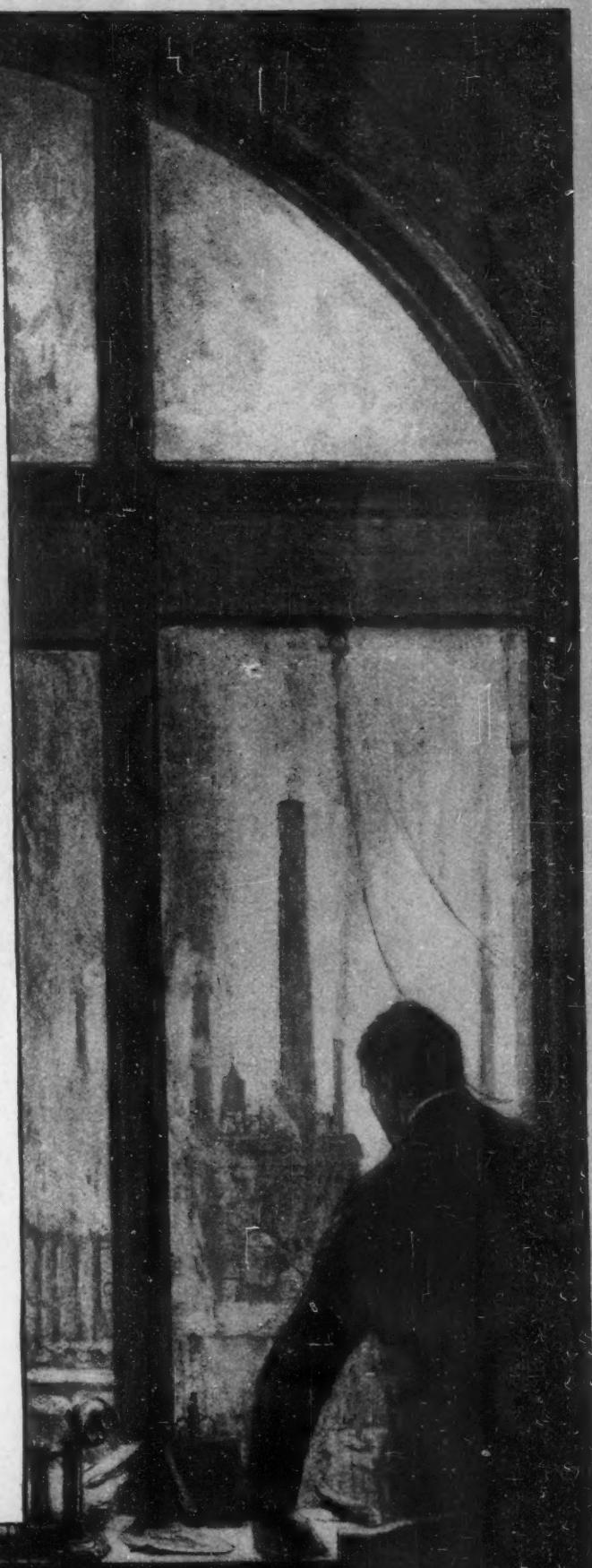
"Oh power of Man's vision, of candid pact;
Power past misprision or apparent fact—
When brother with brother heaves up the load
Oh blinding brightness of the greater road!

"Behold ye the wonders men have wrought alone,
The harnessed lightning and the word swift-flown,
Earth girdled, air conquered, and the desert sown!
Now weld your powers! Now find your own!

"For now the road breaks sharp and steep;
As men have sowed so men shall reap;
Save from your sires—from the pioneers—
Comes the faith that fires; breaks the light that clears!

"Hail gold then, building one dawn for all—
No mere vain gilding, while roof beams fall,
But founding and raising to the light again
A world fit for praising—a faith for men!"

*The man of achievement with the gift of power
Raised his head and harkened to the striking hour
To the voice of the future sounding clear,
To a new age calling to the financier!*



Our Field Marshal of Figures

By JAMES B. MORROW

AFTER fumbling around for more than a hundred years in a feeble effort positively to locate guilt for the unnecessary outlay of public money, the baffled American finger now can place itself vigorously and accusingly on the censurable man or institution. Hereafter, governmental waste of funds will be the fault of either Congress or the White House; or, contingently, of both, acting in collusion.

But, it may be said, that always has been so. Yes, theoretically. The culprit, if it were Congress, jerked its exculpatory thumb toward the White House; and the White House, busy with small politics and large policies, answered by quoting the Constitution, which reads (Art. 1, Sec. 9): "No money shall be drawn from the Treasury but in consequence of appropriations made by law."

As a matter of fact, then Congress alone was (and still is) answerable for every dollar expended. But (and this particular "but" is an important word) the President, as general manager of the business departments of the Government, sent (and continues to send) his requirements in dollars and cents to Congress.

"Next year," he would say (and still says), "we should have so much for the Army, so much for the Navy, so much for the Post-office," and so on. And Congress, scrutinizing his statements, would make changes in his figures, up and down, but (and the fact may surprise the country) mostly down.

"From 1890 to 1922," says Gen. Herbert Mayhew Lord, Director of the Budget, "the estimates submitted to Congress by the various spending agencies of the Government were twenty-three billion dollars in excess of the amounts appropriated. In all these years," General Lord adds, "Congress has been the only barrier between the Treasury and Trouble."

At last, after prolonged agitation by editors, business men, bankers and Presidents (Taft, Wilson and Harding), came the law creating the Bureau of the Budget. General Lord now directs it. Subordinate to him are forty experts, stenographers and clerks. The bureau would still be in the anteroom of legislation, however, its rundown heels on the rung of a chair, its shabby back against the wall and a rusty hat over its eyes, dozing and waiting its turn on the floor of Congress, had the world not gone to war in 1914. So long as a little more money was paid into the Treasury than was paid out, the bureau had slim chance of being established and ordered to take off its coat and buckle down to work.

A dull issue was the budget. Mainly, it was composed of figures. No demagogue can excite a crowd with a procession of numerals; and orators, notoriously, are inaccurate, often ridiculous, when dealing with columns and tables. Besides, frugality in the spending of public funds had been cast into limbo, with such antique ornaments and necessities as chin-whiskers, horses and buggies, pulse-warmers, rag carpets and candles.

In the prime old days, still farther back, when women could not vote and statesmen could pickle themselves consecutively and be indulged by their constituents, economy took high rank among such standard virtues as honesty, truthfulness, diligence and kindness to man and beast. Then one could live

a whole night and a day at a hotel for what a lean breakfast now costs him.

Until about thirty years ago, in every Congress, both branches, professional skinflints sharply and constantly eyed the pennies of the people. They were either thin and salaried, or corpulent, perspiring and untidy. "I object," was about all that any of them ever had to say. If the case were particularly reprehensible, as they saw it, they might add: "in behalf of the toiling masses." Their favorite picture was of a hairy farmer, with a scythe over his bent back, or an aproned blacksmith, a fierce look on his face and a sledge in his terrible grasp.

They were known, the skinflints were, as "Watch-dogs of the Treasury." And were sneered at. Demagogues, some persons called them. Occasionally, indeed habitually, if there were appropriations in the bill to be disbursed in their own districts, they hunted with the pack and sneaked home in the morning with wool between their teeth. Whereupon they were jeered at—by their colleagues but never by the voters at home. One Watch-dog of the Treasury, a withered, tobacco-chewing and sour little man, might have been President of the United States. At all events, he was "mentioned."

The Era of Free Spending

AS the inhabitants of the country, east and west, built better houses, put down sidewalks, paved their streets, sold bonds for sewers and waterworks, painted their barns, bought self-binders, erected silos and so forth, they grew more liberal-minded nationally. Moreover, taxes for the Government at Washington were paid indirectly—on foreign goods coming into the American market, on whisky, brandy, wine, beer and tobacco. There was plenty of money in the vaults of Brother Jonathan. Watch-dogs almost became an extinct species in the woods and fields of politics. Every village demanded a government building—of stone, if possible—in which to warehouse its postoffice. Scum-covered ponds were dug into harbors. Rivulets were dredged and made navigable for mud-scows during spring freshets. All with funds out of the Washington Treasury.

Bang! and there was war. . . . "This is a billion-dollar country," declared Thomas B. Reed, Speaker of Congress, not a great while ago. He said, in palliation of the appropriations just voted by his party, that the Government then actually required \$500,000,000 a year for necessary expenses carefully expended. Two years, the life of a Congress, therefore, meant a thousand millions in appropriations. Not too much, Reed insisted, for a wildly expanding and immensely wealthy nation. Came the day, as Jeffery Farnol and his copyists would say, when the five hundred millions were doubled. Yearly. The sum was a billion, nor very difficult to obtain, when this country entered the war against Germany.

Came also the day when interest alone on the debt of the United States was twice \$500,000,000. Likewise yearly. Citizens were now paying taxes directly, right out of their own pockets. On incomes and on such personal articles as shirts, gloves and hats. Nothing remained, visible or invisible, tangible or intangible, on which to raise more money for the Government.

When a man's income is \$10 a day and his living expenses are \$12 a day, he goes home, if he is any man at all, and holds a conference (as every meeting between two or more individuals is called nowadays) with his wife. They put their affairs on a sensible basis by cutting out luxuries and trifles. If there had been any more pools to tap, Congress would have tapped them, joyously and by a unanimous vote. The limits of taxation appear to be reached when the hat on one's head and the socks on one's feet are levied against. Nothing remained that Congress could do but to reduce expense. President Harding urged it vigorously and incessantly. Followed the laggard act creating the Bureau of the Budget.

Now a weak man would have made a fizzle of the budget. A politician would have disgraced it. He would have jockeyed with classes and sections, yielding here, denying there and computing, so far as he could, party primaries and general elections. So the President, shrewd and seasoned, much in earnest, thinking of the public and probably not at all of another term, chose Charles Gates Dawes, financier and soldier, son of a Civil War general and a World War general himself, to organize and administer the budget. Out of the whole nation, yea, out of the whole earth, the President picked the one person fitted by training, character, courage and temperament to set up and galvanize the budget and start it going.

Once having agreed to reenlist in the public service for a limited period, Dawes took the fastest train out of Chicago for Washington. He landed at the national capital with a loud noise. Immediately, one explosion followed another. "Go away," he said to the clutter of reporters. "Let me alone until I get things moving. I have no time to talk." He meant every word of it. I tried to interview him years ago in Chicago and failed—one of my very rare failures in almost two decades of itinerant dialogues with eminent and lively characters. "I want no publicity," he then said.

When Dawes blows up, it is according to schedule and plan. It is seldom, if ever, spontaneous; never emotional. The dullest places in America, until Dawes began fabricating the budget and later let steam into the engine, were the departments in Washington. (And Dawes knew it.) Dull, with roots buried in the cement of inertia and tradition. Only dynamite could stir the earth and let in air and sunshine.

Therefore Dawes got all of the bureau and division chiefs into a meeting. He might have told them in dignity and decorum about the debts of the nation and of the nation's insufficient revenues; told them in a frock coat, his silk hat on a table, in plain sight, and his cane at its side. He might have spoken mildly of one's duty to one's country and of the honor that one gains in the public service.

"Come, gentlemen," Dawes could have said, "let us—ah—strive to lessen expenses. Really, gentlemen, it has become quite necessary to do so." All of which would have been strictly conventional. And about as ferocious and effective as dish-water.

But he did not such thing—uttered no such harmless rubbish. He crouched, he leaped, he glared, he bellowed. He flailed his arms

and pounded his fists. More alarming, however, than his flying legs and clenched hands were his forks of vocal lightning and his blasts of oral thunder. "You cut," he cried, in substance, "and cut to the bone, or out you go."

Instead of observing: "Well, Dawes is an amusing man and we'll go on as before," the chiefs, returning with long, quick strides to their offices by twos, threes and groups, said: "We'll obey orders, but the Government will stop and Dawes will be to blame."

"And Dawes will be to blame!" That's another point. The Government did not stop, but if it had stopped, the President and not Dawes should have been and would have been the person condemned. Under the law, the Director of the Budget has no power to originate a policy. He gets his policies from the White House. Never is he anything more than the President's personal agent. Hereafter, then, if the expense of running the executive branches of the Government—the Treasury, the Army, the Navy, the Agricultural Department, the Postoffice and so on—are more than they ought to be, the President himself, and no one else, will be responsible, and the wavering American finger should be placed on him and kept on him and no excuse tolerated.

Following the gymnastics and outbursts of Dawes, the outlays of the money-spending agencies of the Government were substantially, perhaps sensationally, lessened. How much, no man at this juncture can say. Estimates range from a billion downward. Important as the reduction was, whatever it may have been, the change of mind that occurred on the part of chiefs of bureaus, divisions and commissions was much more so. Between sundown and sunrise almost, they ceased to be gay prodigals and became serious-faced economists. They are thinking today of saving and not of spending—of the taxpayers and not of themselves. That's the groove they are running in at present, and they will remain in that groove forever if Mr. Harding and his successors, cat-o'-nine-tails in hand, keep them there.

His work done, Dawes, desiring a man who would fit his shoes and not be a weakening under pressure, asked the President to place General Lord in command of the budget. The appointment was made. A hurricane, it was feared on the outside, had been followed by a zephyr. Which was not the case at all. Lord doesn't carry houses and barns out of the valleys into the hills, but he can knock things over as thoroughly as can any man in Washington. He is proficient, heartlessly so, because he understands his business, inside out and bottomside up.

Besides, Lord is a Maine Yankee and belongs to a race which has battled with Indians, hunted wild animals, felled forests, quarried stone, fished in the Atlantic, built ships and performed variously and valiantly on land and water. Also shrewdly, in such endeavors as burning lime, selling lumber, canning corn and voting out whisky at a time when that liquid was largely consumed and much respected.

There was a saying long ago that Nelson Dingley, Jr., thin of body, black-whiskered, slender-voiced, a cheerful but steady pack-horse in the matter of the tariff, invariably went to the bottom of things. Dingley it was who brought Lord to Washington and made him clerk of the Ways and Means Committee in the House of Representatives. Lord, whose father had been a carpenter and builder in Rockland, paid his way through Colby College by teaching school and writing for newspapers. Dingley taught him the science of fiscal figuring; how, at any rate, to raise money for the support of the Government. At the outbreak of the Spanish War, Lord went into the army as a paymaster. That was in May, 1898. He would be back, he told Dingley, in six months or so. But he did not come back until June, 1922, and then Dingley had been in his grave for twenty-three years.

In the Army, Lord advanced until he was a notable man, winning during the World War the D. S. M. "for exceptionally meritorious and conspicuous service," while assistant to the quartermaster general and director of finance. He was retired as a brigadier that he might become Director of the Bureau of the Budget.

"I am selling the budget to the American people," Lord says today. He is explaining it and trying to popularize the idea. Samuel Johnson once remarked: "My friend, the late Earl of Cork, was so generally civil that nobody thanked him for it." Naturally, Lord, brown-eyed, spectacled, slender, shaved and of medium stature, is a friendly man, but exasperating perplexities over income and outgo, over the enigmas of working sycamore logs into long, straight timbers, have tended to dry up his springs of speech (except about the budget) and give his countenance a grave, if not a skeptical, expression. But he is trying and succeeding to be as generally agreeable as was the Earl of Cork. In behalf, altogether, of the budget.

He also has summoned the money-spenders into his presence that they might view his hickory club and hear his warnings. "The entire personnel of the Government," he told them, "must learn, if it has not already taken the lesson to heart, that economy is the ap-

proved policy and that extravagance of any sort is dangerous business." Dangerous to themselves as well as to the Treasury.

There are to be no more demands for a million when a hundred thousand is plenty. Congress may even slash into the hundred thousand. "If it does," Lord in essence has said, "smile and make what is left go as far as you can."

"The first estimate I submitted (he is being quoted exactly) was an honest, minimum estimate, without a penny of padding. I was new at the business (it was last year) and went before the House Appropriations Committee as innocently and guilelessly as a dove. I shudder now when I recall what they did to that carefully drawn, unpadded estimate. I can illustrate it perhaps by the experience of the man who was accustomed to arrive home from his club in a highly inebriated condition. The first night he went home sober his dog bit him. And that is what Congress did to me. In submitting honest estimates you may get bitten, but it's worth it if the executive bureaus succeed by such a policy in rehabilitating themselves in the estimation of congressional committees."

This bit of sugar with which General Lord capsized his dose brings to mind the story of another of Maine's famous personages. Having made a great change in his looks, Artemus Ward appeared before his wife.

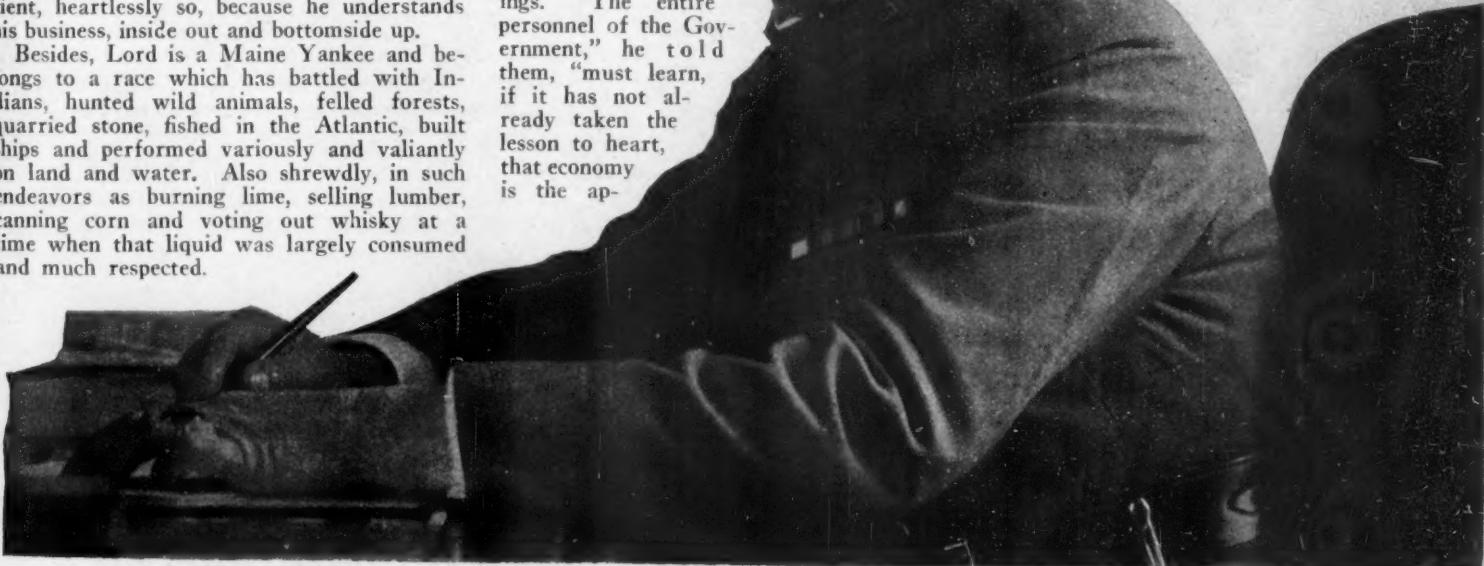
"Maria," he says he asked her, "do you know me?"

"You old fool, of course I do," Maria answered crisply.

"I perceived at once," Artemus records, "that she did."

Helped by his staff of experts, General Lord—acting for the President, bear in mind—is now engaged in scrutinizing the estimates of every executive department of the Government. As the President has stated to the members of his Cabinet and their bureau chiefs that "I will not send to Congress estimates exceeding the probable receipts of the Government," and as the probable receipts will be about \$700,000,000 less during the fiscal year, beginning June 30, 1923, than the expenses are now totaled, Lord and his experts have a task that might have stalled old Euclid, Archimedes and Apollonius, the three Greeks who made mathematics odious to nearly all the men and women in the universe.

General Lord, the Maine Yankee, who succeeded General Dawes



The NATION'S BUSINESS

Published by the Chamber of Commerce of the United States

MERLE THORPE, Editor

Washington



November, 1922

Government, the Omnipotent

THE IMMENSITY of the powers of government is a conception common to all trade union congresses, according to a British observer of current events in his country. With astonishment he declares "they believe a government can change the course of nature, override the laws of economics, make two blades of grass grow where only one grew before,—not by any special virtue of individual officials or of officials collectively, but merely by some mysterious power inherent in the word 'government.'"

Blind faith in the miracle-working powers of "government" is not confined to the British Islands, by any means.

The Other Side of the Shield

INCOME TAX STATISTICS, or rather statistics taken by the government from returns for the federal income tax, now published for the year of 1920, show, among other things, that 1920 was like other years in that all corporate enterprise was not successful. No less than 60 per cent of the corporations engaged in mining and quarrying had no net income on which to pay tax in 1920; ten thousand of them "were in the red." Corporations in the rubber and rubber goods business followed in bad fortune, with 58 per cent of all possessed of deficits, and corporations engaged in agriculture came next with 57 per cent of all having nothing to show on the profits side of the ledger at the end of the year. The proportion of corporations in other fields of business showing no net income for the year was:

	Per cent		Per cent
Chemicals and allied products.....	47	Public service—professional, amusements, hotels, etc.....	32
Textiles and products.....	45	Finance, banking, insurance, etc.....	30
Food products, liquors, and tobacco.....	45	Construction.....	30
Leather and products.....	43	Stone, clay, and glass products.....	27
Transportation and other public utilities.....	37	Lumber and wood products.....	27
Trade.....	34	Printing and publishing...	21
Metals and products.....	33	Paper, pulp, and products.	20

This is one kind of a list in which the pleasantest place is at the bottom.

The Lowly Peanut in Court

THE PEANUT WAR has gone into court, thanks to the Sherman Act. If international unpleasantnesses would follow the example of the imbroglio over peanuts and resort to the tribunal of justice, it would be a happier world.

The affair of the peanuts has not been without its bitter feelings, and has not involved matters of small consequence. When peanuts come from the ground, they need cleaning and shelling. In course of time the growers have organized a cooperative association. The concerns making a business of cleaning and shelling peanuts have formed a trade association.

Between the two organizations there has been something of a feud. The growers alleged that the cleaners and shellers depressed prices, to the loss of the former and the gain of the latter. The growers then undertook to have their peanuts cleaned and shelled by a concern which was not in

the membership of the trade association, and they now are convinced they made a bad bargain in that direction. In fact, one of the incidental features of the peanut situation in Virginia and North Carolina is a statement from the cooperative association's board of directors that, despite its good intentions, it made a bad mess of marketing last year's peanut crop.

In the peanut case, the growers' organization takes the initiative. In Wisconsin, however, a milk-producers' cooperative marketing company has been summoned by state officials to show why it should not discontinue practices that are unfair. The practice chiefly in question is a "service" charge exacted by the association of dealers. The allegation is that through this device members obtain a higher price for their milk than farmers who are outside the association.

Charting Stress and Strain Periods

COMPLAINTS may be an index of the stress of business. If this is the case, and the records of the Federal Trade Commission may be used for purposes of calculation, the period of greatest stress and strain was in the twelve months between July 1, 1919, and June 30, 1920. During that time the Commission received 724 complaints about unfair competition which it considered serious enough to give some attention. In the following twelve months the number dropped to 426. The period of most numerous complaints was also the time when the Commission acted in most cases. In the year ended in 1920 it issued 308 of its formal complaints, whereas it put out but 177 in the following year.

On Every Man His Own Tax Assessor

A CENTENARIO TAX was Mexico's device for raising money to boost its merchant marine. It was a kind of voluntary income tax. At any rate, although levied upon income it was to be computed by the taxpayer and the taxpayer's computations were not to be questioned. It now seems that the taxgatherer has other ways of increasing his collections; for the Mexican official has been nonchalantly going the rounds and serving notice that the payments actually made were only half the amount due, and adding another half as a fine. It is perfectly clear that there may be drawbacks to a man being the assessor of his own tax.

Our income tax law smacks a bit of the Centenario variety; for it, too, begins with the theory that every man can be his own tax assessor. Therein has lain the source of a lot of trial and tribulation. Our own house will not be put in order until the government assesses the tax and fixes the exact amount before the taxpayer has to hand over his hard cash.

The Status of Real Wages

REAL WAGES are the statistician's result when he compares money wages and the cost of living. No one is readier than the statistician to acknowledge the difficulties in such comparisons. Nevertheless, the results have their interest.

The International Labor Office has tried its hand in compiling real wages for all countries that can supply enough data, and has issued its figures in a pamphlet. The conclusions are set out in index numbers, in which the figures for 1913 are taken as 100. On this basis skilled manual workers in Germany had in 1921 a real wage represented by 87, and high-salaried officials were even worse off, having compensation standing at 41 as compared with the purchasing power of their salaries before the war. Unskilled workers, however, had earnings in 1921 which stood at 130 of their real wage in 1914. Their relative situation appears from the relation of their wages to wages of skilled men; in 1913 the skilled men had wages which in purchasing power were 63 per cent over the wages of unskilled men; in April, 1922, the margin had

decreased to 7 per cent. A high-salaried German official in 1913 received almost seven times the compensation of a laborer; in 1921 he had barely twice as much compensation.

Some of the computations made for the United States in this pamphlet are index numbers of real wages. As has been said above, these "real wages" are the result of corrections made to meet changes in the cost of living. With wages in 1914 as 100, these computations for the United States show:

	1920	1921
	June	June
Iron and Steel Manufacture.....	127	83
Cotton Manufacture.....	134	115
Wool Manufacture.....	120	126
Boot and Shoe Manufacture.....	96	110
Printing (book and job).....	89	109

The Monkey and Adam Smith

IN A WESTERN zoo there is an exceptionally intelligent Capuchin monkey which lives in a commune with other species of simians. The food is thrown into the cage and all divide up equally—at least, that is the theory governing the colony. One day the keeper threw in some black walnuts and the members of the commune vainly splintered their teeth on them. The Capuchin was wiser than the rest, however. He found a stone and pounded the nuts. The other monkeys seized the kernels and ate them up as fast as the shells were cracked. The Capuchin became furious and chased them around the cage and cursed them with strange oaths.

The Capuchin is a capitalist. He understands how to lengthen his economic arm. The others are Socialists. They believe in an even whack-up.

Of course, the Capuchin was entitled to more than the others.

Here, in this western zoo, we see that the controversy between Capitalism and Socialism began long before Adam, when prehistoric disputants settled their arguments with rocks and clubs instead of with soap-boxes and printer's ink.

And the controversy will continue while the world lasts.

The Fixed Factor

OVER A DOOR in the office of a high official of the United States Steel Corporation, plainly visible to the executive at the flat-top desk, hangs a framed motto:

IT CAN BE DONE

Observing this not long since, we were reminded of Virgil's line about the winners in the boat races: "They can because they think they can."

From a graceful trireme on the Tiber to a steel speedboat on the Hudson is a far cry and a long step in locomotion. But Virgil's epigram is as close to the desk motto, in homely phrase, as nineteen is to twenty. Man's conquest of natural forces has been amazing, but the processes of human thought, since the days of Aristotle and the Roman singer, remain pretty much the same.

International Gastronomic Entanglements

UNABLE TO SQUEEZE the blood out of the German turnip, Paris now has visions of a sudden termination of the flow of gold from the pockets of the American Tourists. And it is all because the Frenchman has lost the art of French cooking!

New York *maitres des hotels* have received this frantic appeal: "Send over your chefs to teach our young men the knack of preparing French dishes that will appeal to the palate of your millionaires!"

Do these haughty expatriates respond to the call of the fatherland? They do not. Remembering the horrible con-

coctions that have been produced in their native land as substitutes for the Martini and the Bronx, they refuse now to aid and abet in the desecration of the culinary arts of their fathers.

And to make a bad situation worse, Frank Ward O'Malley and Oscar Odd McIntyre, two itinerant journalists residing in the suburbs of New York, go over and raise a rumpus from one end of Paris to the other because they are unable to obtain the American piece de resistance—ham and eggs—such as they had been accustomed to at Dolan's in Park Row. Not satisfied with creating this near-rupture in our cordial relations with Monsieur Poincaré's Government, O'Malley and McIntyre cross the Channel and proceed to make life miserable for the headwaiters along the Strand because they had to pick the stems from their strawberries and couldn't get ice-water for breakfast.

Now the word comes that both Paris and London, in their desire to encourage the spenders from this arid land of isolation, have determined upon a policy of adopting American methods. In the future, if we are to accept the promises of the inn-keepers, those who so desire will get ice water with their meals, although it is intimated that there are Americans who visit London and Paris who have a strong aversion to ice water. And the leaves and stems are to be picked from the strawberries, and the menus will be printed in English, as well as French. But if it is French cooking that you are looking for, then, according to the New York chefs, you had best remain at home.

Growing Interest in The Hague Rules

THE HAGUE RULES are getting along in the world. In England they have undergone some alteration and appeared under the title of Rules for the Carriage of Goods by Sea. In September they were discussed before the Shipping Board, which had invited shippers, marine insurance underwriters, steamship owners, and everyone else with an interest in the question about the exact liability incurred by a steamer when it undertakes to transport your goods and mine.

The hearings before the Shipping Board were preliminary to a meeting held in London this month by the committee which originally drafted The Hague Rules, and to the subsequent maritime conference to be held at Brussels upon the invitation of the Belgian government. This conference will be official, in that it will be composed wholly of delegates of governments. The United States will be represented by two delegates. The Brussels conference, too, will have The Hague Rules before it.

This is natural, because there is no more important question in the minds of vessel-owners and shippers than the terms and conditions upon which cargo is transported. The events of this autumn are likely to advance the purposes The Hague Rules are meant to serve,—equity and uniformity.

The Season of Business Rebirth

AT THIS season there recurs to us often a passage from "Mr. and Mrs. Daventry," in which one of the players, discussing the glories of the Autumn countryside, expresses wonder that the colors of decay are so much more gorgeous than those of Spring. "You might as well ask," another retorts, "why death is more majestic than life."

That the Fall of the year has a "beauty singular and sad" is due chiefly, we suppose, to its association with the coming rigors of winter. It has never seemed to us a period of decay; for it is in the Fall that the wealth brought out of the soil moves to its realization in the elevator, the mill and the exchanges. This is a time of quickening trade and of a livelier flow through the arteries of commerce. Not Winter but Summer is anomalously the period of commercial hibernation. Autumn, not Spring, is the season of business rebirth.

Cotton Has the "Co-op" Fever

BY O. M. KILE

Author of "The Farm Bureau Movement"

MEASURED in volume of business transacted the American Cotton Growers Exchange is a mammoth. Its sales, all cleared through one headquarters, are expected to exceed \$200,000,000 for the present crop year. Last year it covered only three states and sold but 375,000 bales of cotton. This year it is operating in nine states and will handle 2,000,000 bales, about 20 per cent of the total crop. It is rather staggering to think what the volume of business may be with the entire South covered and several more years of success to its credit.

The War Finance Corporation, the Federal Reserve Banks and various state and local banks have lent the exchange a total of more than \$114,000,000 to pay out this year in advances to its growers while awaiting final sale of the crop.

And the exchange actually owns not only this 2,000,000 bales of cotton, but, in addition, all the cotton its 200,000 growers may produce during the next four to seven years. Each grower has signed an ironclad enforceable contract to that effect. But each member is also an owner in this cooperative concern since he shares in the net receipts in proportion to the cotton he delivers. There are no profits, in the ordinary sense.

The sales manager employed to handle this immense volume of business is Chessley B. Howard,

one of the best-known cotton men of the South, and he receives a salary of \$50,000 per year. In addition each state unit has its own sales manager.

What does this all mean?

It means, simply, that cooperative marketing of cotton has arrived. It has arrived apparently with both feet and on a solid businesslike basis that insures its permanence. It is another extremely convincing evidence of the big change that is taking place in the production and marketing of farm products. And it has brought with it, of necessity, many big changes in the relationship of the producer to the established business interests of the community and the nation. Just how important and far reaching are these changes we are only beginning to see and appreciate.

It is the prominence and high caliber of the business men who have recently espoused the cause of cooperative marketing and endorsed its principles that have served to drive home the fact that here is a movement that demands the utmost respect and consideration of the business world.

Nearly two years ago Bernard M. Baruch said:

It seems to me that the farmers are chiefly striving for a generally beneficial integration of their business, of the same kind and character that other business enjoys. . . . We can and must meet such men and such a cause half-way.

Their business is our business—the nation's business.

Recently Otto Kahn, in an interview, upheld and elaborated this same idea. One of his most significant statements declared that bankers and business men generally should get squarely behind this movement.

Herbert Hoover knocked the props out from under a particularly popular fallacy regarding the cooperative movement when he said:

Many persons, business men as well as others, seem to have the idea that the cooperative marketing movement is of a Socialistic nature.

This is rank nonsense.

Cooperative marketing is the direct antithesis of Socialism, for the simple reason that no producer becomes a member of a cooperative marketing association unless, through better business methods of distributing his product, he hopes to secure better prices for it.

Acceptance of advisory positions with the big cooperative groups by such men as Alexander Legge, president of the International Harvester Company; Frank O. Wetmore, president of the First National Bank of Chicago, and Bernard M. Baruch, indicate the importance they attach to the movement.

But to return to the American Cotton Growers Exchange.

The first thing the business man wants to know about such an organization is: Is it



"King Cotton," headed overseas. Much of the social history of the United States is written in terms of cotton. Back of slavery

and the Civil War was cotton. Still our chief export, one of the great cooperative movements is in handling cotton.

stable? How does it conduct its affairs? Does it do business in a businesslike manner?

This was evidently the thought in the mind of the concern that purchased the first lot of cotton from this cooperative group last year. The buyer held out \$10 per bale for "adjustments." He was suspicious. He didn't know what troubles he might find himself up against. So he asked for a margin of protection.

This was freely given, but it was the last time such protection was ever asked by a cotton buyer dealing with the cooperatives. On the entire 370,000 bales handled in their first year and involving grading to more than a hundred different qualities and subdivision of qualities, the rejections amounted to less than 1 per cent. This is a much better record than can be boasted by most private cotton concerns with many years of experience behind them. The care with which the cooperatives select their graders is indicated by the fact that, in a recent examination, out of nearly 400 applicants only three were found to meet the strict personal and technical requirements imposed.

Each state unit is separately incorporated and has its definite organization reaching down to the local communities. The government is entirely democratic and only growers can be members, but the need for business experience and technical skill is fully recognized in the salaried positions—those who actually conduct the business operations. A force entirely distinct from the sales department is maintained to sign up new members and to maintain interest among the old members, even though these old members are under ironclad contracts to deliver all cotton produced over a long period of years.

The organization does not depend upon the contract, however, to hold its membership. If it could not show material advantages to members its existence would be short lived. The first advantage the farmer gets is fair grading. Under-grading has been, perhaps, the commonest cause of dissatisfaction on the part of the grower. If the buyer told him his cotton was "middling" or "low-middling," as the case might be, there was formerly no

WHOM are the men—who is *the* man, who has led the farmer-cooperative movement? Not a farmer but a city-bred, law-educated Jew, Aaron Sapiro. Next month Silas Bent gives us a new insight into this struggle for better market methods and the man who has done more than any other to make it effective.

—The Editor

adequate means of appeal. Now the farmer has his own graders.

The second easily apparent advantage comes through prompt warehousing and elimination of various petty pluckings of cotton from each bale—running \$5 to \$10 per bale and in the aggregate amounting to a huge sum.

The third advantage is that it puts the farmer on more nearly a cash basis. He gets an advance of 50 to 60 per cent of the probable value of his crop when he delivers it, and further sums throughout the following year as the total stock of his particular grade of cotton is reduced.

But of course the big advantage comes through having the best possible talent to sell his crop and placing in the hands of this talent a sufficient volume of business to be a real factor in the market. The mills are regularly paying the exchange 1 to 3 cents per pound premium for the convenience of being able to get large quantities of particular grades at any time it is desired. The mere announcement in the fall of 1921 that the cooperatives had arranged to borrow \$22,000,000 from the War Finance Corporation caused an immediate and permanent rise of 3 to 4 cents in cotton prices. This loan meant that a large quantity of cotton that would ordinarily be dumped on the market and bought up by speculators was no longer available. Orderly marketing gives supply and demand a chance to fix the right price, and this is very likely to be several cents higher than the forced price.

Then there is the final advantage arising

through economy of merchandising. It costs less for the exchange to get the goods sold, and this means further cash returns to the farmer. It eliminates those agencies—and only those—which are unable to perform services sufficient to justify their cost.

But what does this system, assuming its continued growth and prosperity, mean to the community, to business men and to the nation?

A good place to go to get the answer to that question is Fresno, Calif. A few short years ago Fresno was almost the deadest town on the map. The raisin growers were selling their crops year after year at less than the cost of production. Vineyards were being torn up and growers were moving away.

Today Fresno claims to be the wealthiest city of its size in the United States. Its per capita bank deposits are said to be larger than for any other city in the country.

Cooperation has changed the raisin industry from a gamble to a stable business, and instead of a variable, poorly graded and poorly packed semi-luxury the consumer now knows the raisin as a standard, staple food product. In common with other prices raisins have gone up somewhat to the consumer, but through businesslike methods and economy of operation it has been possible to raise prices to the producer 5 cents for every 1 cent the consumer has had to pay over former price levels.

It might be added at this point that the question of proper price level is self-regulatory. It is impossible for cooperatives to overcharge for any length of time. Raisin prices were probably too high in 1920-21. This brought about great increases in planting so that, where the Fresno district normally has about 10,000 acres of new vineyard coming in each year, it will have about 50,000 acres this year. Good business management has developed new outlets, but there will probably be a surplus before long and a period of readjustment must take place. There is no cause to worry over monopolistic prices for farm products; it is too difficult to control surplus production.

"Lost or Damaged in Transit"

By BENJAMIN RUSH

President, *The Insurance Company of North America*

BUSINESS men of America are paying an annual toll aggregating many millions of dollars as a result of merchandise being lost, stolen or damaged while in transit. Much of this heavy tax is attributed to carelessness in packing and handling, and can, by the exercise of proper precaution on the part of the shipper and the carrier, be reduced to a minimum. Dishonesty and negligence on the part of the employees of the carriers is another principal factor.

Goods lost or damaged in transit generally mean trouble, trouble for the shipper of the goods, who has to ascertain what has become of them or to collect loss or damage from his insurance company or from the carrier. It may, too, result in the loss of a valued customer by reason of the fact that he had counted on receiving goods in sound condition from the seller, and instead of receiving them has only received a troublesome claim to collect.

The words also spell trouble for the car-

rier in hunting them up, or in the end paying for the loss or damage to the missing merchandise.

The words also spell trouble for the consignee, who may have counted on receiving the goods at a certain space of time and who may have resold them while in transit, and who accordingly stands to lose a profit on their sale, time, interest and good-will.

It shall be my endeavor to explain how goods get lost and damaged in transit, what should be done to prevent such a thing occurring, and how to reduce such losses to the very smallest minimum possible. First, let us begin with the causes of such loss for which the shipper is responsible and which he can do away with by the exercise of a little care and forethought.

To the shipper's charge must be laid one of the principal causes of loss or damage, namely, insufficient or unsuitable packing.

It seems to be an American peculiarity to endeavor to save as much money as possible in the packing of goods for shipment.

Heavy goods, such for instance as machinery, should be so packed as to stand ordinary wear and tear in transportation, especially if the shipment is destined for foreign ports.

Our foreign competitors exhibit much more skill and forethought on this subject than we do, with the result that they have fewer claims for loss and damage to their shipments, and their customers are less liable to become dissatisfied.

The second cause of loss or damage is insufficient or illegible marks and numbers and addresses, or shipping directions.

A fair number of goods go astray from this cause, which is easily within the power of any merchant to avoid by a little attention to his own shipping department.

A third cause is the habit of advertising on the package the kind of goods which it contains. Now if you are in the business of shipping, let us say, silk hosiery, or boots, and shoes or candy or cutlery or silk or drugs, made-up clothing, fountain pens, or

other matters of similar small bulk and of large value and universal acceptability, your advertisement on the outside of the shipping package is clear notice to any dishonest employees of the transportation company that out of that package, if it is opened, he can supply himself with something that he wants.

Therefore, cut out the advertising matter on the outside of the shipping package, which should only contain the information necessary for the carrier to know where and to whom the goods are to be delivered, all clearly and legibly stated, and the shipper's own name and address.

Let us now suppose that the package or bale of goods, properly packed and marked, has been duly delivered by its shipper to the common carrier, whether public truckman, expressman, railroad or steamship. What perils is it liable to encounter before it reaches its destination?

Let us classify these perils into two divisions:

First, those losses and perils for which man is responsible, and which he can prevent by use of ordinary care and diligence.

Second, those perils, such as acts of God, earthquake, flood, hurricane, etc., for which he is not responsible and cannot prevent.

Taking the first class of preventable perils, their name is legion, and it would be impossible, within the scope of this article, to enumerate them, but a few may be recited as typical and as the general cause which has resulted in multitudinous kinds and varieties of damage.

First, rough handling on the part of the carriers. Well-packed goods will stand more of this than poorly packed goods, but there comes a time when the best packed goods can be damaged by the roughness of the carrier and his employees.

Next, improper stowage, such for instance as stowing goods which absorb flavors in proximity to those which exhale unpleasant odors; stowing goods liable to leakage above dry goods liable to absorb leakage; tiering goods up so high that the packages cannot stand the weight; failing to use proper ventilation so that the goods are damaged by sweat; insufficient dunnage, etc., etc.; water damage by leaving goods exposed to the elements, rain, snow, sleet and frost.

Anybody who has frequented docks and railroad yards in this country has seen very many instances where the carrier was taking a chance on weather conditions, or was inviting damage to the goods entrusted to him for transportation by failure properly to warehouse it, cover it with sheds or tarpaulins, or in some manner or way failing to take the adequate amount of care for the preservation of the goods which the owner of the goods would have taken had the goods been in his possession.

Theft and pilferage of the goods en route is a frequent and annoying cause of loss which the carrier has almost entirely under his own control, and the shipper, provided he has adequately protected his goods by proper packing, has practically no control at all. But I will refer to the subject of theft and pilferage at greater length before concluding.

Damages partly the result of acts of God, and acts of man, where the damage resulting from the unavoidable peril has been

magnified by human negligence or ignorance.

There are, of course, many other causes of damage to goods in transit, which I will not specify, because the five illustrations above recited are sufficient for the drawing of the general axiom underlying all of them, namely, all these losses are due primarily to the negligence, ignorance and carelessness

PILFERAGE at sea has become such a tremendous handicap to the American exporter in the development of his overseas trade that the editor asked Mr. Rush to tell the readers of *The Nation's Business* how such a menace to our commerce gained a foothold and to suggest a remedy for the evil. This article, which is Mr. Rush's answer to our request, also deals with other phases of the subject, such as inadequate packing, losses in domestic shipments, etc.

When Mr. Albert D. Lasker became chairman of the Shipping Board this was one of the multitudinous problems that confronted him. In the board's fifth annual report, December, 1921, it was stated that the hazard had become so great that "in some instances the ordinary marine (insurance) rate was increased tenfold."

Shipping Board officials, on the last day of September, assured *The Nation's Business* of a marked improvement in conditions, and assigned these reasons: (1) The steamship companies are more particular about the handling of cargo; (2) the quality of the stevedores on the docks has improved; (3) stricter requirements in regard to the quality of packing are in force; (4) a check is being kept on the trucks which either deliver or receive merchandise; (5) there is better policing and supervision on the docks.

THE EDITOR

of the common carrier transporting such goods or merchandise, or of his employees, and they are, therefore, preventable by the exercise of due diligence and forethought on his part.

Admitting, for the sake of argument, that it is impossible entirely to remove human carelessness and negligence, it is none the less true that such causes of loss can be reduced to a very small minimum, provided the carrier is made responsible for the payment of all losses occurring through the carrier's own tort, laches or negligence from the time the goods come within his control until the time they are delivered by him to the person entitled to receive them, and that he be compelled by law to make any payment for goods or merchandise lost or damaged by his own negligence within a reasonable time, and not be permitted to tire out the patience of claimants by delaying to pay the claims which are too small to justify a law suit, for an indefinite time, as has too frequently been the case in the past.

Per contra, severe punishment should be meted out to the shipper or consignee who makes fraudulent or unjust claims upon the carrier, for in its final essence such claims will not be paid by the carrier, but by every person who ships goods or travels over the carrier's line.

At present common carriers, especially by sea, are not held liable for the full value of the goods entrusted to them for carriage, hence they have not the interest which they ought to have in the proper care, custody and delivery of the merchandise entrusted to them for carriage, and hence in recent years, especially in the years 1920 and 1921, claims for loss or damage to merchandise in transit amounted to many millions of dollars.

It is interesting to see how this state of affairs came about.

To consider, first, transit by sea, it must be remembered that originally the ship-owner was responsible for all losses occurring except those which resulted from perils of the seas, fires, public enemies, pirates and robbers (when the theft was a forcible or violent robbery), jettison, letters of mart and counter mart, arrests of kings, barratry of the master and mariners, and all other perils of like nature which might come to the hurt of the merchandise or ship. With the advance in civilization, many of these risks have ceased, such as those of pirates, robbers and thieves, but there still remain the principal ones, viz., perils of the seas, fires, public enemies, and jettison, all of which are legitimate or natural risks from maritime perils. No vessel ought to be responsible for damage or loss arising from them, except fire caused by the fault or privity of the shipowner. Bills of lading covering shipments under these risks were short, in plain language, and easily understood. The ship-owner knew what he was responsible for, and the cargo owner knew what he must needs protect himself against by marine insurance.

It was the province of the marine underwriter to take from the shoulders of the shipper the risk of loss or damage to his merchandise resulting from these perils. If so limited, the relative rights and obligations of the ship-owner and the cargo owner to each other are preserved. The latter

can be fully protected at a reasonable expense against loss or damage to his goods from these unavoidable risks. The shipowner could obtain like insurance against his responsibility but at a different rate.

The principle, however, which ran through all marine exemption was that the perils from which the carrier was relieved were not brought about through his own negligence. These principles were in accord with the fundamental doctrine that it was against the public policy to permit a wrong-doer to exonerate himself from losses resulting from his own negligence, and hence the shipowner was liable for every loss occurring to the goods of his shipper which did not fall within one of the exempted risks. This was all as it should be, and it is the violation of these fundamental principles which has given rise to the endless conflict and litigation between cargo owners and their underwriters on the one hand, and the shipowner on the other, throughout the world. The shipowner has striven to broaden the exemptions from liability by inserting in the shipping contract innumerable exemptions, until the modern ocean bill of lading has become a document that is a mosaic, wonderfully and fearfully made, so lengthy that no business man could possibly take the time to read it, and printed in such diminutive type as to be illegible without the aid of a magnifying glass and ruler. For a long time these efforts of the shipowner to relieve himself from his proper responsibilities were unsuccessful, excepting in minor particulars, because of the policy of the law which prohibited him from exempting himself from the result of his own negligence.

The first break made in this bulwark came when it was held by the courts that a ship-



In the same test-tubes that insure the Nation's safety, Peace finds myriad blessings!

IN 1802 Eleuthere Irénée du Pont de Nemours, at the invitation and with the assistance of Thomas Jefferson, built on the Brandywine River the first du Pont plant . . . the first powder mill to be erected in America. Jefferson had seen the vital necessity to the country's safety of insuring its supply of explosives, and so du Pont became powder-maker to the United States Government.

For the 120 years following, from 1802 to 1922, the du Pont Company has been a manufacturer of explosives . . . today, explosives are but one of the family of du Pont products.

And the reason is . . . The Chemical Engineer!

* * *

THE Chemical Engineer is a strange mingling of abilities—a coupling of the man of science with the manufacturing expert. He is a chemist who knows manufacturing as well as his science, and who can take the chemist's discoveries on the experimental scale and put them into production on the larger scale of commerce. His province is the *practical* transformation of matter from useless to useful forms. And he has brought into the world's manufacturing plants a new knowledge, a new set of abilities, that has revolutionized industry in the past generation.

The du Pont Company was one of the pioneers in developing the Chemical Engineer. Since its founding by E. I. du Pont de Nemours, who was himself a chemist, it has been building on the foundations of chemistry, for the manufacture of explosives called for increasingly higher forms of chemical knowledge. And in the early years of this century, the du Pont Company had come to have one of the finest research staffs in the country, and in addition a staff of *Chemical Engineers*, men who knew manufacturing as well as chemistry.

This staff was essential, for since 1802 the du Pont Company's larger service has been to be ready to supply the Government with whatever explosives it might need for the country's defense. And for the same reason, the company had acquired sources of supply for the large quantities of the raw materials that it might one day need—acids, nitrates, coal-tar products and other materials that were absolutely essential to the production of explosives.

In war, immense quantities of such materials are desperately needed—in peace, very little—yet the supply of materials has to be kept open, for who knows when they may be *instantly* needed?

But how? The Chemical Engineer found the answer. And in the answer lies the key to the du Pont Company's family of products. For the products that du Pont makes are *not* unrelated products. Each of them has its root in one or another of the materials used in making explosives.

It may be another use of the same materials as in the manufacture of dyes. It may be a variation in process, as in the case of Pyralin and Fabrikoid. It may be a product like paints, varnishes, enamels, etc., in which the knowledge of the Chemical Engineer is needed, and the colors produced in dyes, may be used. It may be a product like ether, or a long list of chemicals that other industries use, which the du Pont Company produces in manufacturing its other products.

* * *

THUS, the seemingly unrelated products that carry the du Pont Oval are not strangers, but brothers in the same family. They are not merely the diversions of peace, but the peace uses of materials that the country's emergencies may require the du Pont Company to have at hand in overflowing abundance.

This is one of a series of advertisements published that the public may have a clearer understanding of E. I. du Pont de Nemours & Co. and its products.

FABRIKOID	PAINTS AND VARNISHES	LITHOPONE	EXPLOSIVES	PYRALIN	CHEMICAL PRODUCTS	ACIDS & HEAVY CHEMICALS	DYESESTUFFS

Scuff-proof, stain-proof and waterproof. For upholstering furniture and automobiles, binding books, making luggage and other uses.

For every household and industrial use. Enamels, stains, fillers, automobile finishes, etc.

Lithopone and dry colors. Used by paint, rubber, linoleum, paper, ink and other manufacturers.

For every requirement of civilization: mining, quarrying, land-clearing, tree-planting, irrigation, construction; shotgun and rifle powders.

For toilet articles, automobile windows, novelties of many kinds. Transparent, or in any color combination.

Ether and other pharmaceuticals, pyroxylin lacquers and enamels. Solutions for coating leather. Bronze powders.

An ever-expanding line of dyestuffs for all practically every industry.

purposes.

E. I. DU PONT DE NEMOURS & COMPANY, Inc., Wilmington, Del.

TRADE MARK

owner and a shipper could enter into a *special contract* for a *reduced rate* in consideration of which the ship would be relieved from certain liabilities theretofore existing. The reduction, however, was real and not *fictitious*. If the privilege had been kept within proper bounds, such contract might not have worked serious harm, but this was not to be. In my opinion, this was the wedge which has led to the intolerable conditions existing today. True, at the inception, the shipowner did not attempt to relieve himself from liability for his own negligence or for the full amount of the loss, but only from *specific losses* provided against. Having gotten this privilege firmly established by the courts, it was only a short time before all shipping contracts were in effect placed in the class of *special contracts*, supported by the theory (though it was not true in fact) that the freight rate was reduced. One exemption after another became inserted in all bills of lading until there was practically no risk from which the shipowner was not exempt. As a consequence of this freedom from liability for legitimate risks, the shipowner soon became less careful of the merchandise entrusted to his care; the losses increased, and with them the cargo owners and underwriters' liability. The inevitable followed; insurance rates went up. The shipper could not pay these, so the price of the merchandise went up, and the ultimate consumer paid the bill.

Notwithstanding these innumerable exemptions, the shipowner was still not satisfied in that he could neither exempt himself from liability for *negligence nor the full amount of such liability*. Against this bulwark he fought for years, and not until comparatively recent times has he been able to get away from it. The same device—namely, a supposed reduction in freight rate—was again used as a consideration to enable the shipowner to limit the amount of his liability to a nominal sum, even though the loss occurred through his negligence. Hence, in practically all present-day ocean bills of lading there is a limitation of the amount of liability, based upon weight, value, or space occupied, and the consideration recited to support this exemption is an alleged reduced freight rate.

The Other Side of It

I SAY without hesitation, in my opinion, the claims of carriers that freight rates are based upon risks which they assume is absolutely fallacious. I say there is no relative comparison between the rates charged where the carrier assumes full marine liability and the rate charged where the carrier assumes limited liability under protected bills of lading. I venture to assert that no carrier, whether ocean or rail, has ever prepared a rate based upon reduced liability where there has been taken into account the percentage of risk eliminated under the various exemptions appearing in the bills of lading. Moreover, I doubt if such a thing could be done—certainly not unless accurate records were kept extending over a period of years of the percentage of losses. Merely to guess at the proper reduction is wholly unscientific, has tended to increase the carelessness of carriers, and has operated with very great injustice to the shippers and ultimate to the consumers of merchandise. No other business of a hazardous or semi-hazardous nature

is or could be carried on this way. No individual or corporation, excepting carriers, who of all are the least entitled to be favored in this particular, can limit the amount for its liability for his or its own negligence.

Just why carriers should have succeeded in securing this unheard-of advantage is rather difficult to understand. Nevertheless it is true. Possibly it is due to the fact that, as I have previously stated, there are certain reasonable and proper exemptions which the ocean carrier should be afforded, such as perils of the seas, etc., and working with these as a starting point through years of effort, little by little has been accomplished until the present extraordinary condition exists. This vicious practice has been pressed by the carrier to such an extent that it has created conditions that are intolerable and has raised a protest throughout the entire shipping world.

How the Losses Grew

A FEW figures as to the extent of these losses may not be amiss:

One of the leading insurance companies of the country, testifying before the House Committee on Merchant Marine and Fisheries on the subject of theft and pilferage, stated that its percentage of loss from theft and pilferage on cargo shipped by water, that is to say the percentage of loss by theft and pilferage to the premium paid by the merchant in

Per cent
1916 amounted to
1917 and 1918
1919
1920
1921 (first six months)

and this on a steadily rising rate of premium.

The same company testified that, for losses by theft and pilferage on merchandise shipped

by common carriers within the United States, it had paid in actual money these amounts:

1916	\$105,000
1917	441,000
1918	1,300,000
1919	263,000
1920	74,000

and that owing to the heavy loss sustained in 1918 and 1919 it had been obliged to heavily reduce its coverage against theft on merchandise by rail and express in the United States.

As showing the efficiency of the organization of the thieves, a prominent firm of shoe manufacturers in New England was thoroughly alarmed by the increase in theft and pilferage on its shoes, which were exported principally to Europe.

The claims continued to increase in frequency and amount, and the rates of premium increased in mathematical ratio. Every kind of method was taken to increase the security of the packages in which the shoes were shipped, with absolutely no result. The thefts steadily continued. Finally the firm decided that it would ship all its right-hand shoes on one vessel, and its left-hand shoes on another and subsequent vessel. This stopped the thefts for just about long enough for information to be sent from the other side back to the United States, whereupon the thefts were resumed, clearly indicating that the thieves had some kind of an arrangement whereby they could steal left-hand shoes from one vessel and right-hand shoes from another vessel, and put them together with sufficient accuracy to sell them or otherwise dispose of them.

It can readily be seen that, where shipowners are allowed to contract, they will only assume nominal damages (in some cases as low as \$2 per package) for goods entrusted to their care for transportation.

It is much cheaper to pay such small claims than it would be to install and maintain an organization to take adequate care of the goods which they are transporting.

The theory, under which shipowners were allowed by the courts to make these released liability contracts with the shipper was, that shippers and carriers should be free to make any agreements they chose regarding the contract of carriage entered into between them.

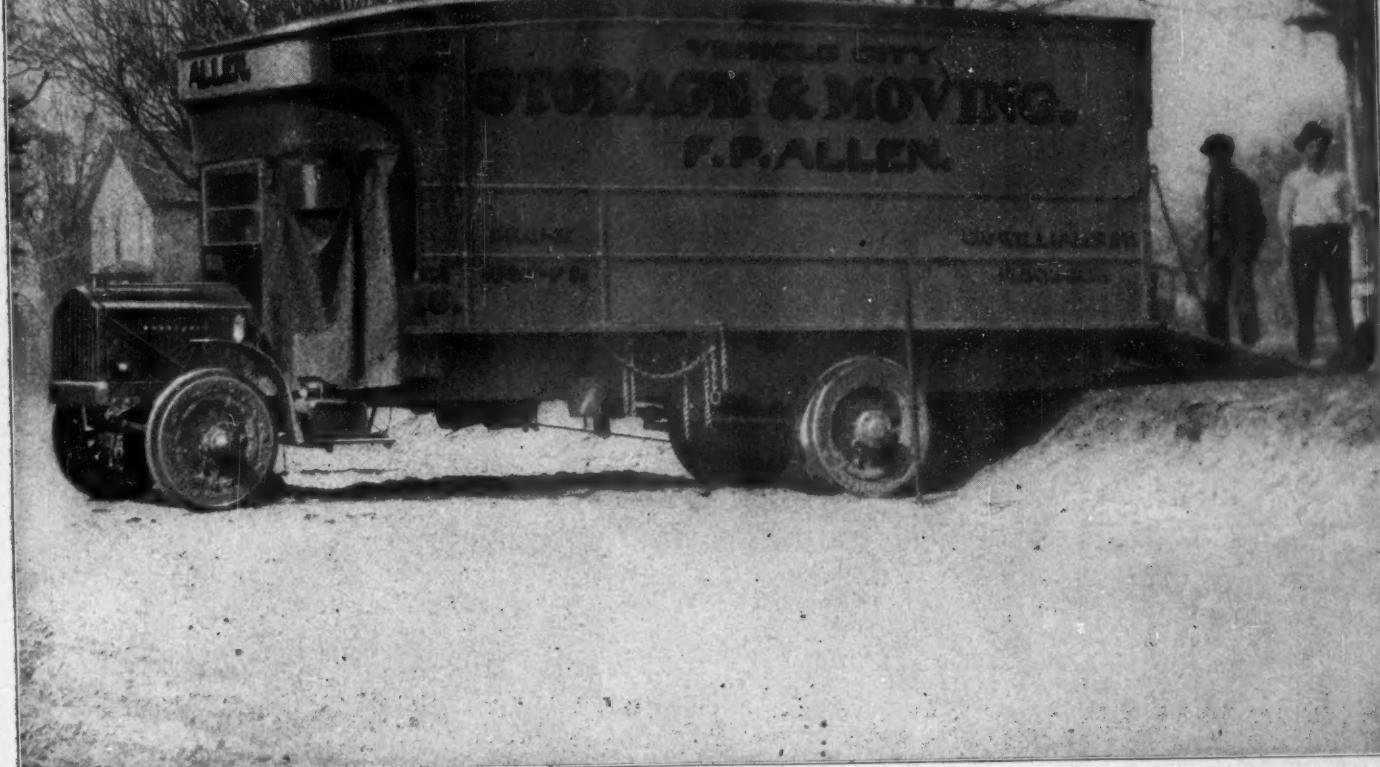
At first sight this sounds fair enough, but as a matter of fact the shipper and the common carrier do not stand on an equality; as has been well said, if the shipper does not agree to the terms of the contract of carriage or bill of lading offered by the common carrier, he has just two alternatives—one is to pay such extra freight rate for the assumption of liability as the carrier may demand, and the other is to abandon his business altogether.

With these facts in mind it would seem that shippers of merchandise in the United States, or indeed throughout the world, are not asking anything unreasonable from carriers if they demand the restoration of the old rule of the common law—namely, that the shipowner should be responsible for the safe delivery of the goods entrusted to him for transportation except as against the act of God, perils of the sea, and the public enemy.

There are two means by which this desirable result may be achieved. One is that all nations, and particularly the United States, strengthen their existing laws, or pass



PACKARD TRUCKS



The main facts about Packard Trucks are intensely interesting to every business, whether it requires but one truck, or a fleet.

First, Packard Trucks are *generally lower in price* than other trucks considered to compare with them in quality.

Second, Packard Trucks are *built to give*—as they actually do give—*lower cost haulage over a longer period of years*.

You will find it the conviction of Packard Truck users everywhere, that Packard Trucks save more, and pay more, as an investment.

Packard Trucks range in capacity from 2 tons to 7½ tons; and in price from \$3,100 to \$4,500

In 585 cities and towns throughout the United States, Packard Truck Service Stations give owners highly skilled service at a reasonable cost. Packard Truck costs, always low because the sound Packard construction minimizes the need of repair, are held still lower by this expert, broadcast service.

Ask the man who owns one

new laws which will achieve the purpose of reimposing upon the carrier liability for his own negligence and the negligence of his servants.

In the United States the liability of the shipowners is principally governed by what is known as the Harter Act. For many years this act upheld, in large measure, the responsibility of shipowners and common carriers by sea for the safe care and custody and transport of the merchandise entrusted to them for carriage. Under recent judicial decisions, however, the protection granted by that act has been so whittled away that the purpose for which it was originally passed is no longer achieved.

The Harter Act should, in my opinion, be reaffirmed and strengthened by congressional action so that its original purpose may be restored.

The other method of bringing about a restoration of the liability of shipowners is by international agreement. This would have the merit of being a course which could be adopted more speedily than could be hoped to be secured by uniform legal enactment in all the various countries affected by commerce, and this brings me to the question of what are known as the Hague Rules, which have been considerably discussed and are approved by some and disapproved by others.

The Hague Rules are intended to be an International Code dealing with the responsibilities and liabilities of common carriers by water.

They came into being largely as a result of the Imperial Commission of Great Britain, who, after an investigation extending over a period of several years, found

the conditions of ocean carriage to be practically intolerable, and who recommended to Parliament that laws be passed reimposing upon common carriers substantially the liability originally imposed by our Harter Act.

As a result of this, shipowners and others in Great Britain and elsewhere got together and drew up a proposed code, as I said before, to regulate the duties and liabilities of shipowners throughout the world.

In brief, these rules were a considerable improvement upon the law as at present existing in most maritime countries of the world, including the United States.

They are, however, defective in the following respects:

First, they only apply to merchandise and [or] cargo [and] or property received on shipboard, and they fail to deal with the liability of the carrier for the aforesaid goods, merchandise and property from the time the goods are legally received by him.

Second, they fail to deal with the liability of the aforesaid carrier after the goods are discharged from the ship, while they are still in his legal custody, and before they are delivered to their respective owners.

Third, they fail to cover live animals or goods carried on deck.

Fourth, they specify that the carrier shall not be liable for loss resulting from fire, and make no differentiation between fire unavoidably occurring, and fire resulting from the carrier's own negligence.

Fifth, they limit the amount of their liability to not exceeding £100 per package, thus creating an unjust discrimination between owners and shippers and consignees of goods whose value is less than £100 per package,

and those whose value exceeds that amount.

Sixth, under Article No. 6 in the proposed rules, the language is vague and there is a possibility of the entire rules being negatived by special agreement between the parties at interest.

Seventh, under the proposed Article No. 7, arrangement is made whereby the carrier may be relieved, by special agreement, from all liability for loss or damage to or in connection with the custody, care and handling of the goods prior to loading on and subsequent to the delivery from the ship on which the goods are carried by sea.

Eighth, because the rules are not mandatory, and may or may not be adopted by carriers as they deem best for their own interest.

At present they are up for discussion in the United States, and endeavors will be made to obtain such improvements on these proposed rules as may meet the views of all the conflicting interests, both shipowners and shippers.

If the convention makes the amendments to the rules requested by shippers and underwriters here, and legislation is passed in this country making the rules mandatory upon carriers instead of permissive, as at present, a long step forward will have been taken to do away with the underlying cause which has resulted in our getting so many notices of goods lost and [or] damaged in transit.

If, however, they fail to amend the proposed rules so as to avoid their present deficiencies, it will be up to shippers and merchants in the United States to memorialize their congressmen to reimpose upon carriers by sea the responsibilities and liabilities originally imposed by the Harter Act.

What's Ahead in Business

By BENJAMIN STRONG

SINCE the outbreak of the war, writers and speakers upon public questions have set forth to us various reasons why we might expect a breakdown of the world's economic machinery, of what calamities—social, political and economic—were about to overtake the world, and in some cases just about when this was all to happen. While gloomy and ominous views as to currencies, debts, foreign exchange, Bolshevism, government insolvencies, and like affairs are absorbing people's attention, let me remind you of the most important thing that appears to be taking place. We sometimes forget it.

The earth is still growing crops, the soil is still fertile, the sun shines on it, the rains fall upon it, and the crops are grown and harvested and feed people. The mines still furnish us with coal and metals. The forests still grow, and the oceans and rivers still give up their annual catch of fish. A small section of the world has been injured and a small fraction of Europe has been devastated by the war, considerable property has been destroyed, and millions of young men have been killed and maimed. It was a calamity of awful moment, but sad as is the plight of the sufferers, the old world still goes on producing. And how small the destruction when compared to the whole of the great earth, and its capacity to continue giving us all that we need if we are willing to work to get it.

It is, I believe, a fact that since the armistice was signed in 1918, standards of living in the world at large have gradually shown

BENJAMIN STRONG, who for the last eight years has been Governor of the Federal Reserve Bank in New York, is one of the outstanding figures in the world of finance. The review of the economic conditions of the world presented to the readers of THE NATION'S BUSINESS in this issue, was prepared by Governor Strong early in October and read privately to a group of leading American bankers.

a net improvement and especially so in most parts of middle Europe, the ships of commerce still traverse the seven seas, means of transportation and communication in most parts of the world are as abundantly supplied as ever, the world's institutions of learning are crowded with students, science seems to have suffered no check in its development, and yet we know that something is wrong. Surely nature remains the same and retains her capacity to reward us for our labor.

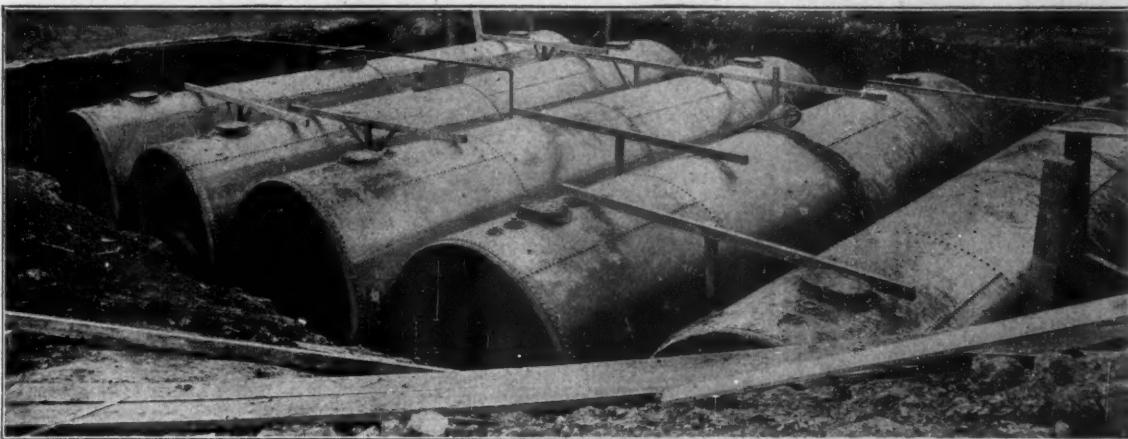
I am tempted to quote from the 100-year-old hymn that "every prospect pleases and only man is vile" because, unless I am wholly mistaken—and I believe I am not—if there is nothing fatally wrong with nature and with the material things of this world, then the trouble must be with some of the workers and possibly with the instruments, especially

what I shall call the systems of bookkeeping, which they employ.

The point that I wish to make can be illustrated in a crude way by describing another very simple fact. We think of wealth in terms of money, which is simply a representative word, enabling us to express measurement, and we think of our own country in terms of dollars as the one enjoying the greatest national wealth. Three or four hundred years ago our country had greater resources in the soil, in mineral and oil deposits, in the forests and rivers, than exist today, because some of those resources have since been consumed, and yet three hundred years ago many of the few million Indians living in the midst of this abundance starved every winter for lack of food. Natural resources alone, therefore, do not make wealth.

On the other hand, there are nations in the east with populations in numbers and density far exceeding our own, where poverty, famine and starvation have existed in recent years in appalling proportions. What does this all mean? To me it means that natural resources alone are not wealth—that population alone is not wealth. Wealth, then, must be what the earth delivers in response to the work—the energy—of hard-working people, applied to nature with useful instruments to aid their toil. It is the practice of thrift the capacity for invention that makes wealth.

The damage to the world's economic welfare and the consequent impairment of morale is due not alone to a war of four years' duration but to forty years or more of prep-



Bowser Tanks Cost Less Per Year of Service

When you bury a tank, you want to be sure it won't leak. That's why Bowser tanks are usually specified for underground storage. Their construction makes leaks impossible and insures year after year of leak-proof service.

Shown above is a representative installation of Bowser tanks, the one at the Nubian Paint and Varnish Company, Chicago. These tanks will hold 60,000 gallons of oil. Officials of the Nubian Paint and Varnish Company installed Bowser tanks because they wanted to be sure they suffered no loss from leakage.

Plant executives, contemplating large storage improvements, are especially invited to write for illustrated folder, describing in detail the construction of Bowser tanks. It tells how to make storage safe and sure.



S. F. Bowser & Company, Inc.

Pump and Tank Headquarters

Home Plant: Fort Wayne, Indiana • Canadian Plant: Toronto, Ontario
Factories and Warehouses: Albany, Dallas, Milwaukee, San Francisco, Sydney
District and Sales Offices: Albany, Atlanta, Baltimore, Boston, Buffalo, Chicago,
Cleveland, Columbus, Dallas, Denver, Detroit, Kansas City, Los Angeles,
Minneapolis, New York, Oklahoma City, Philadelphia, Pittsburgh,
Portland, St. Louis, San Francisco, Toronto, Washington.
Representatives Everywhere

Branch Offices with Service Departments in Principal Cities in this Country and Abroad

This is "Lubricating the Wheels of Industry" No. 6

eration for war, in which too many of the world's workers were engaged in building up military machines. Their principal product was heavier taxes. It was misdirected energy in which millions of men were only consumers and not equivalent producers. And this process of arming for conflict had its natural and useful outcome in the conflict itself, which completed in a dramatic and tragic way the work of destruction which had been going on for many years in a less obvious way. This destruction, not of physical property alone, which has been comparatively slight, but of morale—of the spirit of energy and enterprise—cannot be wholly restored until the conditions are suitable to inspire it.

But looking at the situation more strictly with regard to material progress, there seems to be much from which to draw encouragement. We know, for instance, that the world is producing an increasing supply of food-stuffs, that the requirement for emergency feeding in various parts of the world has almost disappeared, and that the distribution of food supplies and other essentials of life is becoming more effective. Even with respect to Germany, we may gain some idea of the material progress which is being made by quoting from recent reports. Take, for example, German imports. Figures just published in the *London Economist* show increases from 1,500,000 metric tons in May, 1921, in an almost steady ratio, until they reached 4,800,000 tons in July of this year. I have been told within the last few days that unemployment in Germany is now estimated at 100,000 men, although considerable sections of industry are still working on part time.

A dispatch from Berlin dated September 11 states the ship movement in and out of the port of Hamburg for the first seven months of this year to be 14,500,000 net tons, compared with 9,000,000 tons in the corresponding period last year, 4,000,000 tons in 1920, and less than 1,500,000 tons in 1919. The improvement in shipping in the port of Bremen is reported to be equally striking. Reports of exports also indicate improvement. Measured by weight—as values in marks are meaningless—they averaged in the last five months of 1921, 1,750,000 metric tons a month against 2,000,000 a month in the first seven months of 1922. Figures of similar import can be reported for other countries.

The recovery has not been fully to pre-war conditions, nor to such standards as are essential to the well being of Europe. But it has been both striking and encouraging. These and similar reports do emphasize, however, that the material well-being of the world, which can be judged in part by the quantity of goods produced and consumed, has been improving despite the deplorable impairment of the instruments which we have heretofore considered almost essential to the successful conduct of modern industry and commerce.

What the world needs today is a reconstruction of economic machinery so that there may be a more effective application of the energy of workers to the production and distribution of the things that we need, and such a reorganization as will insure that what is produced is fairly distributed among the workers in return for the work done by each.

Bank notes, bank deposits, credit, foreign exchange—all of these things are simply man-devised bookkeeping instruments with which the transactions and accounts of trade are conducted, just as government loans and taxes are the instruments with which the financial business of governments are conducted. Fluctuations in the value of purchas-

ing power of these instruments means uncertainty as to the value of everything, including the labor of working men, but still worse, injustice to one or another class of people, and consequently dissatisfaction and discontent.

Inevitably discussion centers upon just such matters as government debts, taxes, currencies and exchange, but the restoration of depreciated currencies, the return of foreign exchanges to par, the resumption of gold payment, even the cancellation of government debts, the reduction of taxes, and the balancing of budgets in consequence, will not of themselves alone increase production one iota, any more than the creation of these enormous debts and the printing of the currency increased production. Only work will do that.

But the object to be accomplished by a reorganization of these bookkeeping affairs is nevertheless of prime importance. It will help to repair shattered morale, increase the incentive to work, to produce and to save, and replace discouragement with hope. It will lessen causes for dissatisfaction and social unrest and dispel the feeling that injustice is being suffered. Without improved morale, increase of production and distribution will be slow, people will not work hopefully and efficiently for inadequate or uncertain return, and the standard of living, which means not only food and clothing but education and healthy enjoyment, may indeed decline.

A great variety of proposals has been advanced for dealing with these matters, especially depreciated currencies and foreign exchanges.

Where Present Plans Fail

POSSIBLY a word of doubt is justified as to some of these plans, but I shall only refer to those relating to the foreign exchanges. They all present one similar characteristic, which is that some new kind of currency or instruments of payment shall be created through the agency of a new organization with a vast capital and gold reserve; that these new instruments shall be employed for international payments and be issued against credits extended by the organization, and that they shall be maintained at gold par. Any such currency, issued against credits extended to Europe, could be stable in value and equivalent to gold only so long as it was promptly redeemed in gold. It would, in fact, be subject to the same influences which now influence any gold movement. In other words, it would immediately come to this country. There would be nothing for us to do with it except to redeem it. Such currency could not make our foreign payments any better than present instruments of payment, nor could it be exported any more than gold can be exported under present conditions. Once here it would stay here. The gold reserve would promptly be shipped to this country just as other gold now comes to this country. If, on the other hand, it was not redeemed in gold, then it would depreciate just as any other irredeemable currency depreciates and its value as a stable international medium would disappear. Such an organization could do no more than our existing credit organization is now doing in extending credit to Europe and in maintaining an international gold currency, so long as the currency depreciation continues in Europe and gold payment is suspended.

In fact, no one of the plans that I have seen is capable of success until governments live within their incomes and until the amount of taxes required to enable governments to live within their incomes is within the ca-

pacity of those upon whom the taxes are levied to pay them. The penalty of an unbalanced budget is a depreciated currency and a depreciated exchange. The penalty of excessive taxation is to retard enterprise and production. We here see the vicious circle of currency depreciation and declining revenues, increasing expenses and taxes and arrested or reduced production, which means a reduced capacity to pay taxes. So soon as public opinion enables or requires governments to reduce expenditures to the point where bearable taxes will cover them, then further issues of currency will cease, and not until then.

Fluctuating currency and exchange values render trade speculative and hazardous. They retard the development of our trade with the rest of the world and theirs with us.

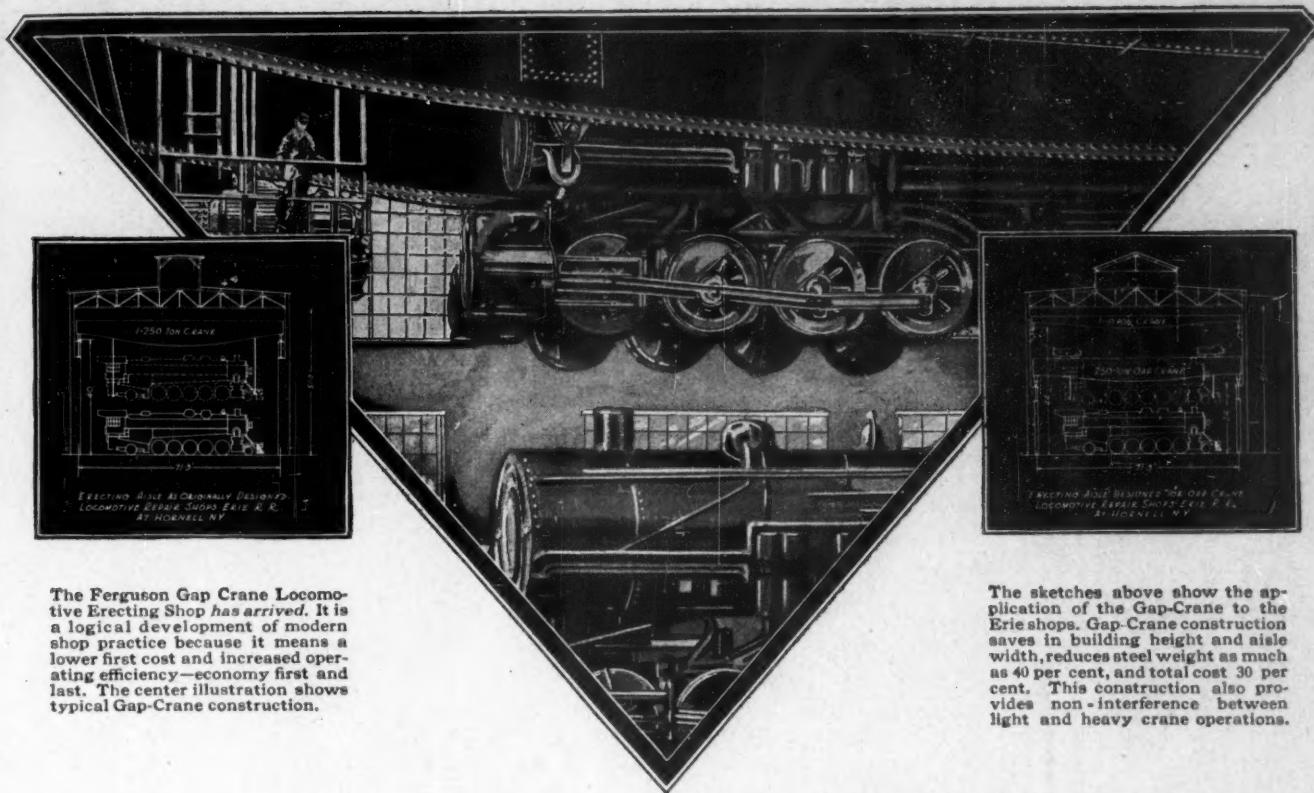
The emergency of the war created conditions which resulted in our receiving about a billion dollars of the world's monetary gold prior to our entering the war, and on balance over half a billion more since the war ended. Our gold stock is still being increased by importation. The warring nations, which suspended gold payment, resorted to printing paper money and suffered currency depreciation. We, on the other hand, with this great store of gold, have had thrust upon us the capacity to expand our credit and currency upon a gold basis just as a large part of Europe expanded its currency issues without adequate gold basis.

If permitted to do so, this gold is capable of bringing about a dangerous enlargement of credit in this country with consequences which might be more disturbing to our economic welfare than if we had never received the gold. We should, I believe, regard our excess of gold as a sacred trust. Of course, we shall employ it as the basis for the extension of all the credit that is required for the sound development of our domestic and foreign commerce. But it must not be permitted to encourage or sustain the kind of speculation which adds nothing to our wealth, our welfare or our happiness, which would in fact only raise prices, and which would eventually undermine our prosperity. It is so ample and more than ample for all of our legitimate requirements that we need feel no misgivings as to the solidity of our credit structure no matter what emergency may arise.

It is my confident belief that gradual improvement is taking place in the material conditions under which people are living abroad, notwithstanding what you may regard as evidence to the contrary. This affords ground for steadily increasing hope that European governments will be able to deal successfully with the bookkeeping problems to which I have referred.

More regular employment and more comfort for the working man, gradual enlargement of the business turnover, the subsidence of political uneasiness and distrust, a better public understanding of the problems of debts, taxation and currencies, and the adjustment of men's minds and habits to new conditions of life for which the human race seems to enjoy an unexpected capacity, all lead me to believe that, while still obscure, the foundations of public opinion upon which the work of repair must rest are gradually being laid.

But of paramount importance in restoring the confidence of people in their governments, in their financial systems, in credit, in the purchasing power of currencies and in all of those things which afford us security in the value of our labor, of what we produce, and of what we save, is the assurance we must have that we have seen the end of devastating wars.



The Ferguson Gap Crane Locomotive Erecting Shop has arrived. It is a logical development of modern shop practice because it means a lower first cost and increased operating efficiency—economy first and last. The center illustration shows typical Gap-Crane construction.

The sketches above show the application of the Gap-Crane to the Erie shops. Gap-Crane construction saves in building height and aisle width, reduces steel weight as much as 40 per cent, and total cost 30 per cent. This construction also provides non-interference between light and heavy crane operations.

I D E A S a Major Feature in Ferguson Service.

The Gap-Crane for railroad shop use is a typical Ferguson achievement. Ferguson engineers are continually seeking—and finding—a better way—better results at less cost—in building or operation or both.

A Ferguson plan for routing by gravity is saving thousands a year in one of the nation's largest furniture factories.

On Ferguson's suggestion a large container plant is operated by power derived from waste by-products—saving thousands over the original plan of buying electric power.

Erection of a new plant over the old for an Indiana Forge Shop enabled Ferguson to deliver the new building without interrupting production.

For a southern college during the erection of a building Ferguson buyers found a bargain which enabled Ferguson to change the building to fire-proof construction and save money by the change.

For a famous paper company Ferguson recommended a change on specifications which saved the owners \$20,000.00 in foundation costs.

Talk to a Ferguson engineer—perhaps your problem has a cheaper, faster solution than has yet been suggested. Phone, Wire or Write.

THE H. K. FERGUSON COMPANY

*Design and Construction of Heavy Industrial
and Railroad Projects*

HAROLD K. FERGUSON, President

6523 Euclid Avenue CLEVELAND Phone Randolph 6854

Ferguson

ONE OF AMERICA'S BEST BUILDERS

The Story of the Year's Crops is Cheering and Manufacture Adds Its Tale of Better Business

BY ARCHER WALL DOUGLAS

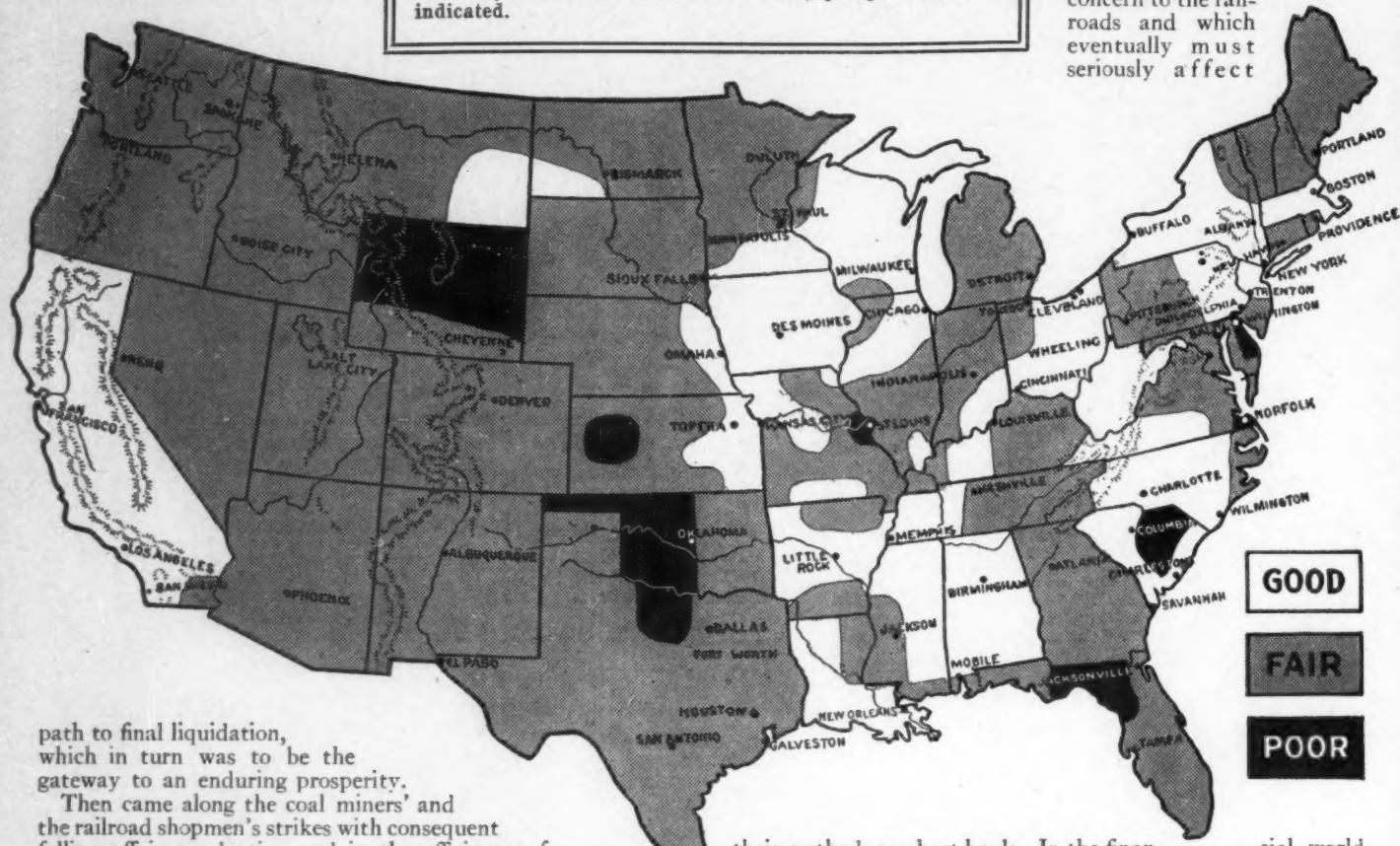
THE ONLY difficulty about economic prophecies is that the unexpected always happens and that new and hitherto unknown factors get into the game, so that the situation bears no resemblance to those engaging charts and unimpeachable mathematical graphs which so confidently forecast what was coming, but which got sidetracked and lost in the shuffle. Things were going well this spring in the ways of readjustment, and there were promises and hopes of reductions in cost to come about July 1 to set us firmly on the

The story of the crops is about over. Dry weather along in September and October hastened the maturity of cotton and put corn out of danger from frost. All forms of manufacturing are well employed and in most cases are getting higher figures for their products. This is true of all mining as well, and of the various great industries that contribute to construction and building. Transportation is improving, and one form of it, the motor truck, is opening up undreamable possibilities in the future—possibilities which are of profound concern to the railroads and which eventually must seriously affect

Business Conditions, October 15, 1922

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



path to final liquidation, which in turn was to be the gateway to an enduring prosperity.

Then came along the coal miners' and the railroad shopmen's strikes with consequent falling off in production and in the efficiency of transportation, so that goods were hard to get for the time being, and opportunity was given for advances in prices because of higher costs of operation.

Possibly necessity had to do with some phases of our wandering away from the main road, and the worst that can happen is a delay in our final recovery. The European situation has much to do with the more sober, underlying feeling. We need only some knowledge of history and a modicum of common sense to realize that such world-wide cataclysms leave their traces on human life for generations to come.

After the Napoleonic wars the witches' cauldron brewed toil and trouble for long trying years and finally culminated in an outburst of revolution in 1848. Underneath the economic breakdown of most of Europe lies the even more compelling causes of utter demoralization and decadence in political and social life, that must run their course as do all diseases.

Meanwhile, we will continue to feel the effect in every phase of our business life. Of the fact of affairs at home, matters are showing gradual but steady improvement. While it is true that the settlement of the coal strike was a mere compromise at the expense of the public, yet we seem to have learned some lessons from the ending of the railroad shopmen's strike. Business is better, not what we would have it, but 'twill do.

their methods on short hauls. In the financial world, money is somewhat dearer owing to better demand from the world of commerce. Meanwhile the stock market is doing some spectacular stunts, backing and filling, and frantically calling upon the waiting flock of lambs to come in before it is too late.

Ordinarily the tides of business and of speculation would be running banks full under such conditions; but these are not ordinary conditions, and all prophecies fail in wet weather. For among the many there is the consciousness that we have not yet progressed far enough along the road of readjustment, and that prices in all lines are not yet sufficiently coordinated. Ordinarily advancing prices are an incentive to buying and laying in stocks. But the present thought is of the consumer, and of his ability and inclination in the line of buying. The cotton situation much illustrated the problem of all problems of the day.

The cotton crop is nearly all picked and is being ginned and sent to market as fast as possible. There is small reason to look for a yield of appreciably more than 10,000,000 bales. This is less than the world's needs, and so cotton is high and probably will go higher. Yet general business in the South awaits the settling of all obligations before even more than ordinary wants are provided. Caution and conservatism still dominate the situation, and cool common sense holds speculation in check.



THE UNPRODUCTIVE DOLLAR

A NATIONAL association of wholesale merchants, planning to extend credit assistance to worthy retailers in need of financial aid, investigated the causes of success or failure in thousands of retail stores.

In almost every case where a retailer was unsuccessful, investigation showed among the contributing causes:

First, that the unsuccessful retailer carried so many competitive lines of merchandise that he could not afford to carry a complete line of any one;

Second, that the bulk of his stock consisted of merchandise which possessed no known and recognized value among the trade and the public.

Since 1914, statisticians have covered reams of paper figuring the fluctuation of the dollar from month to month. But the

most important fact about the fluctuation of the dollar is one that eludes the statistician and cannot be encompassed by his figures.

For, in the last analysis, the value of a dollar depends upon the wisdom with which it is invested.

Experience has proved that a thousand dollars' worth of known and recognized merchandise *represents more money* than a thousand dollars' worth of merchandise of which the public has never heard.

The dollar invested in advertised merchandise is a working dollar in good times and bad. It does not wait for buyers. It makes them.

The dollar invested in merchandise which creates no demand for itself is an idle dollar. It does not make buyers. It waits for them.

N. W. A Y E R & S O N
ADVERTISING HEADQUARTERS

NEW YORK

BOSTON

PHILADELPHIA

CLEVELAND

CHICAGO



Manufacturers and dealers in cotton fabrics are figuring on what the consumer is going to do, and whether he will pay higher prices after a time or wear old clothes instead. Much depends upon the prices of farm products in relation to other goods, for then it becomes a question not only of the inclination of the farmer but likewise of his buying ability.

I recently ran across a homely instance of some of the problems involved in the answer to this question. In one of the large primary markets in the Middle West, cash corn is selling at 65 cents per bushel. A farmer at a shipping point 150 miles distant has to pay 12 cents per bushel in freight and selling charges to sell his corn on the primary point. This is a selling expense alone of 23 per cent on what he gets for his product—a percentage cost of selling that would wreck any other producer in the world.

Then so far as the net profit is concerned, the unpalatable fact is, if the average farmer charged his production cost with his own labor and that of his family and with the proper proportion of overhead expenses, including interest on his investment and on borrowed money, he would sell his commodities most of the time for less than the cost of production. A time when he can get lower freight rates and higher figures for his products

will be the period when advances in prices of other commodities can safely follow without fear of ultimate reaction, especially if the prices of other commodities be kept in proportionate bounds. Yet I find that the feeling upon the countryside views the situation with the cheerful belief that on the whole business will improve as the days grow shorter.

I do not find much sympathy among the farmers with the rising costs in fabricated materials when the reason given for such appreciation in costs is the necessity of paying higher wages, unless it is obvious that such wages were previously unduly low. There are comparisons made of the purchasing power of such advanced wages, before the war and now, in terms of farm commodities, and of the farmer's purchasing power of the fabricated materials so advanced for the same periods, and the farmer's logic that each class should take its medicine alike is not easy to answer.

Nor do I find them much convinced that the cost of living necessitated such advances when for three months past farm products are practically the only items of primary importance entering into the cost of living that has shown a decline and not an advance. For the farmer knows full well that the vital question of

wages cannot be handled in such academic fashion solely on the basis of one dominating factor, especially when the class contributing the most to keep that cost from going higher (namely, the farmers) are doing so by reducing their own wages, which are the returns they get for their products, over whose prices they do not exercise the slightest control.

Admitting that costs of living figures and index numbers of price movements are somewhat near the actual facts (which is granting much concerning some of them), it ought to be obvious that their best use is to insure a living wage, and that in itself is a distinct advance over old methods. But it is not practicable, because of human nature, to make them the principal measure of wage advances and decreases. Those who use them most to get advances will resent them most in case of wage declines because the natural instinct is to regard wage advances as permanent things and at once to live up to them accordingly, while coming down to a lower plane of living is the hardest of all experiences, only brought about by stern necessity, and not because of the logic of figures which are foreign to their daily experience and whose accuracy they will be the first to question when such figures are used to reduce their incomes.

Nation's Business Observatory

DAZED with overwhelming defeat" is the way in which *Coal Age* describes the mental condition of the bituminous coal operators at the end of the five months' strike. *Black Diamond*, looking backward, saw nothing gained for anyone, although it says, "they (the miners) won their fight, but lost more than they ever can regain."

Leaving the past to take care of itself the industry is now concerned with the effect upon it of the Cummins-Winslow Bill. *The Black Diamond* shakes a threatening head at the measure, which it describes as "one of the most dangerous precedents in our history." Then it goes on to say:

If coal can be controlled, as regards price, in interstate and intrastate commerce, there is no limit whatever to the power of Congress. On similar claims of emergency the prices of wheat and other foodstuffs, steel and other commodities; cotton and other textiles may be similarly controlled. If it is invalid, then Congress possesses no such imperial powers and we should at once be so advised.

Coal Age is sharp in its denunciation of the measure and gives this as its reason for feeling that it is counter in spirit at least to the Constitution:

Seemingly it would be difficult to maintain the position that charging a price, however high, that was mutually satisfactory to both buyer and seller is in violation of the general welfare clause of the Constitution or interferes with interstate commerce, the legal back logs of the legislation. Such disruption to distribution as undoubtedly would follow unfettered selling at "mutually satisfactory" prices could be corrected by the exercise of priorities in cars. If field prices are not fixed under this legislation, we may then expect a multitude of car priorities. From the standpoint of the producer, the transporter and the consumer, priorities are infernal nuisances. They are possible of terrific abuse. They interfere with the movement and therefore with the production of coal. The Fuel Administration hung itself high and dry through the initiation of this practice in

the early months of its regime and abandoned the method at the first opportunity.

There is a string in this coal-control bill that is new. He who buys coal at "unjustly high and unreasonable prices" is as subject to the penalty of embargo as is the seller to the denial of cars. We may yet be treated to the spectacle of an industrial plant or railroad closed down by order of the Government as penalty for tempting the coal operator with too much money for his coal.

Writing before the bill went into effect, the *Coal Trade Journal* says:

In the natural working of the law of supply and demand, prices advance as supplies diminish. Congress is filled with fervid demands that the economic law shall be set aside by legislative fiat. If prices do not ascend, the public can be kept in ignorance of the underlying causes for a deficiency in supply, and those consumers who are most clamorous can be stilled with priorities giving them fuel at the expense of other consumers. If need be, capitalize the votes of the poor by robbing the rich.

In plain words, Congress is attempting to perpetrate a gigantic fraud upon the public. To save its own skin, it is ready to take the hide of the coal trade today and some other industry tomorrow. If successful, industry will make the first contribution in financial losses and the public in discomfort, and possibly suffering, but the nation will be the ultimate victim. Is the country so asleep that Congress can put over this latest scheme for concealing its incapacity and cowardice?

Reviewing the situation in the coal industry, *Electrical World* is not in sympathy with the leaders of the operators. Whatever troubles they may have, that periodical believes they brought upon themselves. Nor does it find that their attitude since the strike has indicated that they have learned wisdom.

An Indiana coal operator has been quoted in Chicago papers as making the declaration that enough would be added to the price of coal to insure that the losses of the strike shall be paid by the consumer by next April.

A similar statement was made about the same time by a prominent Iowa operator. The assertions do not convey anything new to those who have thought seriously about the situation created by the coal and rail strikes. To those who have not paused to think as well as to those who have, however, such avowals have much the effect of waving a red rag at a bull. All through both strikes many who have been prominent in the public eye have taken a very frank "public-be-damned" attitude, buried, it is true under a thin camouflage of solicitude for the public good.

It is not many years since the same attitude displayed in these two strikes was all too prevalent in the utility field in matters other than labor controversies. This was conspicuously the case with steam railroads. The result was their regulation by the Interstate Commerce Commission and a general placing of other utilities in the hands of state commissions. Whether the control exercised by governmental agencies is good or bad may be open to debate, but there can be no debate as to the responsibility for the acts which led to such control.

The biggest single agency which brought it about was the attitude of mind of those at the head of the business enterprises themselves. The coal industry is rapidly shaping its course so as to bring governmental control that may be good or bad economically. If it comes, neither the owners nor the labor unions will have the power to produce such a situation as that now existing. In the railroad field the actions of labor unions and railroad managements that have produced the present situation are steadily forcing governmental control. Whether such a course be economically right or economically wrong, a continuation of present conditions will compel that such a course be taken.

The Automobile Industry Takes a Look Ahead

IN THE deluge of prosperity talk which fell upon the country with the ending of the coal and railroad strikes it might be of interest to quote some opinions of the future

November, 1922

THE NATION'S BUSINESS

45

of one industry, that of making automobiles. The authority is *Automotive Industries*, which in a recent issue said:

For the fourth time this year the automotive industry established a new record in the production of passenger cars and trucks, the output for August being 272,000, an increase of 12 per cent over the previous month and a gain of 53 per cent over August of last year. It closely approached the mark made in June, which thus far has been the banner month in the industry.

The decline in sales usually experienced at this season has not been apparent except in isolated instances and has not been such as to lead to the conclusion that any general halt to the buying movement is imminent. To the contrary, the falling off in sales in these few cases during August has been more than offset by gains elsewhere.

There are many reasons for believing that should a lessened demand come it will be relatively slight. Not the least is the feeling that the agricultural districts, under the impetus of a bumper harvest, will enter the market more aggressively than in the past and become an active purchaser of both passenger cars and trucks.

Improved business conditions, higher wages to labor and the anticipation of good crops have already had their reflection in the demand for motor vehicles. They lead to the conviction that the rest of the year will be normal, at least, with a strong probability that it will not fall very far behind the general average for the first eight months. In that period the total production was 1,671,418, as against 1,668,550 for the entire year of 1921.

Every indication is that next year will see an even greater output. Anticipating such a condition, manufacturers have started an extensive enlargement of their manufacturing facilities. While such additions, in many cases, will be used to meet the increased demand for closed body types of cars, they will also be able to take care of the prospective demand for both open and closed models.

It might be of interest to follow that view of the prospects of the automotive industry with a résumé from *The Iron Age* of what has taken place this year in steel:

This year's ingot output will be approximately two-thirds greater than that of last year. A fairly close approximation of the production in the first eight months of this year can be made by using the output of the thirty companies that make monthly returns to the American Iron and Steel Institute as a basis, and allowing for the production not reported.

Production in the present month may be estimated at approximately 60 per cent of capacity, while a forecast of a 65 per cent operation during the fourth quarter cannot be far out.

It would require an average error of 7½ per cent in this forecast to make a difference of a single million tons in the year's total. On these assumptions the steel ingot output by quarters in 1922 would be as follows:

	Gross tons
First quarter	6,650,000
Second quarter	9,050,000
Third quarter	8,000,000
Fourth quarter	8,400,000

The year's total would compare as follows:

	Gross tons	Gross tons
1912 ..	30,284,682	1918 .. 43,051,022
1913 ..	30,280,130	1919 .. 33,694,795
1914 ..	22,819,784	1920 .. 40,881,392
1915 ..	31,284,212	1921 .. 19,224,084
1916 ..	41,401,917	1922 .. 32,100,000
1917 ..	43,619,200	

The percentages used in estimating production in the last four months of this year were applied to an assumed capacity of 52,000,000 tons. On this basis the year's output would be 62 per cent of capacity, against about 37 per cent for 1921.

A letter received by Stone & Webster, as contractors, on completion of the great Baltimore Refinery of The American Sugar Refining Company pictured below

STONE & WEBSTER
Incorporated

The American Sugar Refining Company

117 Wall Street

Stone & Webster, Inc.,
147 Milk Street,
Boston, Mass.

New York June 9, 1922
File 2016

Gentlemen:-

The completion of our new refinery at Baltimore establishes the latest link in our chain of plant service which extends from our refinery in New Orleans to Baltimore, through Philadelphia and New York to Boston. The labor of construction is over and the wheels of production are turning.

Throughout the construction period of two years, during which time your firm had charge of the engineering design of the Boiler House and coal handling facilities and the construction of the entire plant, you have rendered a service to this Company marked by skill, efficiency and co-operation of a pronounced character, and we take this opportunity of congratulating you upon your part in this great enterprise and know that you share our pride in its completion.

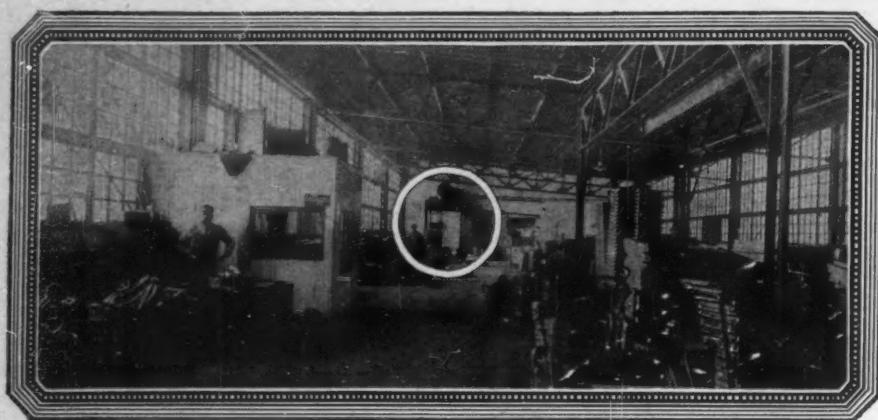
Yours very truly,



Vice-President



STONE & WEBSTER
CONSTRUCTION
DIVISION



Economical Factory Heating



Type SC—Where Steam Is Available

Built as an individual enclosed unit with a series of pipe coils compactly mounted above a powerful fan-wheel. Coils are heated by exhaust or live steam. Cold air is drawn into the heater by the fan, impelled upward and around the coils, and after being heated is diffused through outlet elbow or breeching to every part of the open area. No pipes or ducts used. The fan is operated by any power available.



Type DF—Where Steam Is Not Available

Where steam is not available, we supply our direct-fired type DF, which burns coal, coke, wood, gas or oil. Built on the same scientific principle as type SC. The fan is operated by any power available.

Here are several reasons why Skinner Bros. (Baetz Patent) Heaters are most economical for factory and industrial uses:—

- (1) They thoroughly heat every part of the open building space and thus eliminate the waste represented by workmen "warming up," which is so frequent when old-time, inadequate systems are used.
- (2) No pipes or ducts are used as warm air carriers. You therefore have more working space available and also save the money usually spent for pipes, fittings and other heating apparatus.
- (3) Skinner Bros. (Baetz Patent) Heaters need to be operated only a few hours daily.
- (4) Utilize either exhaust or live steam at any pressure.
- (5) Require no skilled attendants.
- (6) Where steam is not available we supply our DF type, which operates on the same principle as type SC.
- (7) Both types of Skinner Bros. (Baetz Patent) Heaters can be used as ventilators at the same time they operate as heaters.

Effective

Under Most Severe Conditions

Skinner Bros. (Baetz Patent) Heaters are heating thousands of plants—many of them under most adverse conditions. In buildings of "daylight" construction—in cases of northern exposure and severe cold they perform equally as well as under milder conditions. In each case, all the factory space is kept at a warm, comfortable working temperature.

Guaranteed—Get List of Users

Every Skinner Heater is fully guaranteed when installed as directed by our Engineers. Write today for full information and list of prominent users so you can make your own investigation.

SKINNER BROS. MFG. CO., INC.
1456 South Vandeventer Ave.

St. Louis, Mo.

Factories: St. Louis, Mo., and Elizabeth, N. J.

Boston, 479 Little Bldg.
Buffalo, 736 Morgan Bldg.
Chicago, 1737 Fisher Bldg.
Cincinnati, Ohio

Cleveland, 646 Marshall Bldg.
Detroit, 342 Scherer Bldg.
Kansas City, 361 Lee Bldg.
New York, 1736 Flatiron Bldg.

Pittsburgh, 8 Wood St.
San Francisco, Monadnock Block
Spokane, 449 First Ave.
Washington, D.C., 748 Evans Bldg.

Skinner Bros.
Baetz Patent HEATING SYSTEM

As compared with the best pre-war years, 1912 and 1913, the present year shows a gain of 6 per cent in steel output. There is a decrease in steel exports for 1922 as compared with 1912-13, equivalent to something like half a million tons of ingots, while there is also a decrease in manufactures of steel. If the equivalent ingot tonnage against all exports of steel and manufactures of steel were deducted, the production of steel for purely domestic consumption would show an increase of 10 per cent or more, by comparison with 1912 and 1913.

The Flexible Tariff and Two Views of Its Methods

ELSEWHERE in this number of THE NATION'S BUSINESS we have devoted some space to a consideration of the new tariff bill from more than one aspect. The trade papers have, of course, been full of discussion of its effect on their industries and have analyzed the schedule with which they are concerned. One factor, that of the elastic tariff, has perhaps a more general application, and already the automobile makers are moving to put into effect the powers accorded to the President. Of their request and of the elastic provision as a whole the *Iron Age* has this to say:

As the duty on automobiles has been reduced to 25 per cent, manufacturers believe that this is a basis for uniformity of tariffs in all countries. France now has a duty of 45 per cent on American cars. Italy has been collecting 35 per cent plus a duty based on weight, and the United Kingdom has a duty of 33 1/3 per cent. It is believed these duties could be adjusted easily to conform to the American tariff.

The problem as to the colonies is not so easy. Mother countries have favored their colonies to the great disadvantage of American exporters. To meet this condition, the President, under the new law, can increase the duties by 50 per cent on products from any country that does not accord fair treatment to American commerce. Still other discriminations exist, in addition to those resulting from colonial policies, and it is pointed out as an example that Finland is allowing a French exporter a duty of only one-fourth of that charged the American shipper.

The country will share the hope of the President that much may be accomplished under the so-called elastic provisions of the Fordney-McCumber Act. The question of their constitutionality has not yet been determined, but probably will be before many months, and then, if the decision is affirmative, the manufacturers will have an opportunity to present their causes with the assurance that orders issued by the President, following investigations by the Tariff Commission, will be carried out. It will then behoove manufacturers to make appeals to Washington only when there is substantial ground for such action and to make the presentation of their case as clear cut and concise as possible.

The *Textile World* is inclined to echo President Grant's "Let us have peace," and apply it to the tariff. "The country," it says, "has endured enough of tariff uncertainty during the last two years," and it would give the existing tariff commission ample "opportunity to demonstrate what it can do with the 'flexible provisions' of the new law."

It goes on to say:

There can be no question about the ability of its members, and if it is given a million dollars or so and allowed to increase its working force sufficiently we shall have an excellent demonstration of what a protectionist commission can do to improve the inadequate features of the Fordney-McCumber tariff law.

We say "protectionist commission" advisedly,

for we feel quite certain of President Harding's ability to select a "non-partisan" membership that will be as safely protectionist in sentiment as former President Wilson's was prejudiced in favor of a tariff-for-revenue only. And there's the rub in the appointment of any board or commission for the expert and scientific development of tariff schedules and rates. It is certain to reflect the tariff beliefs and prejudices of the dominant party no matter how conscientiously open-minded and unbiased the members of such a board may attempt to be. There can be no truly non-partisan tariff board until lack of strong difference of opinion on the subject makes possible a non-partisan tariff bill.

A new point of view of what the tariff means to the farmer is printed by *Wallace's Farmer*, of which the present Secretary of Agriculture was, until he took office, one of the editors. That Iowa periodical says:

The Fordney-McCumber Bill, which was signed by the President last week, means that more than ever before, the United States wants to become a self-sufficing nation, with as little trade as possible with foreign countries. We have set up such a high wall against European manufactured goods that Europe no longer will be able to scrape together the means with which to pay cost of production for our farm products.

The tariff is a direct hint to American farmers to stop producing so much in the way of farm products for export. It suggests that we should put a little less of our ground into cultivated crops, and a little more into meadows and pastures, that we should decrease our acreage in corn and wheat and increase the numbers of cattle and sheep.

If the tariff is to continue unchanged for a long period of time, it is important that we modify our agriculture to meet the effects that the tariff will unquestionably have on European buying power. The tariff is a step in the direction of a nation which imports less and exports less—a nation more nearly sufficient unto itself than any modern nation has ever been.

Shall the Retail Lumber Men Charge for Their Deliveries?

THE much-repeated argument of the cash and carry stores is that Mrs. A., who lugs home her pound of bacon and can of peas, must pay part of the delivery costs for sending to Mrs. B. her dozen eggs. The same problem sometimes puzzles men in other industries. Retail lumber is giving thought to the question, and the *Retail Lumberman* is urging a delivery charge. It puts its argument in story form in this way:

Have you ever thought about the injustice of our free delivery service as we now conduct it? Haven't? Well, here's a few things for you to study over.

The other day Bob Preston called up here and ordered about \$60 worth of different items for that sleeping porch he is building. The order came over the telephone. We were mighty glad to get it, of course. You made out the ticket and had the items loaded, and then our truck took that stuff clear across to the other side of town and set it down on Bob's lot. We never got an extra cent for that service.

That truck load of lumber had hardly left the yard when Simmons called up and asked us for delivery on some more of that material for the Johnson garage. That was the next delivery for the truck. Yes, I know it was only a haul of two blocks. But we didn't get anything extra for that service.

The thing, though, that brought the matter home to me happened while the truck was delivering that stuff to Preston's and before it took that little "jag" over to Simmons. Van Gundy, that stockman 6 miles east of town,



Comparative conditions of Softwood and Maple floors at the end of eighteen years' service

Look to the Future when you choose your floors

Time has written an interesting story in these two extremes of flooring, side by side. At the left is a record of growing dissatisfaction—slivers and splinters which catch in workmen's shoes, roughness which prevents thorough cleaning, an uneven surface for trucks to travel, and now—the expense of a new floor.

At the right is Maple—subject to the same wear, but still full of service—as smooth and even as the day it was laid.

The wood which outwears stone

Maple polishes—stone pulverizes—under wear. The smoothness of this tough-fibred, tight-grained wood is simply increased by friction. Maple outwears stone.

It is important to realize the full possibilities of Maple, whether you plan to build an office or factory, a home, apartment or club. Floor with Maple, Beech or Birch—these three kindred woods supply every need of service, and of beauty when required.

"COLOR HARMONY" for your Home, Offices or Club

Too little heed is given to harmonizing the color of the floor with the walls and woodwork, tapestries, drapes, or furniture in homes, apartments, clubs or luxuriously appointed private offices. "Color Harmony in Floors" is a helpful little book which will open delightful new decorative possibilities to you. Ask your lumber dealer for a copy, or let us send you one with our compliments.



MAPLE FLOORING MANUFACTURERS ASSOCIATION
1078 Stock Exchange Building, Chicago

MFMA The letters MFMA on Maple, Beech or Birch flooring signify that the flooring is standardized and guaranteed by the Maple Flooring Manufacturers Association, whose members must attain and maintain the highest standards of manufacture, and adhere to manufacturing and grading rules which economically conserve every particle of these remarkable woods. This trademark is for your protection. Look for it on the flooring you use.

Floor with Maple Beech or Birch

Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo—to open early in 1923; 500 additional rooms will be added later.

There will be another **HOTEL STATLER** in the Park Square district of BOSTON. It will have 1100 rooms and 1100 baths; opening date to be announced later.

When You're Leaving

By E. M. STATLER

TICKETS and baggage to see to—perhaps a lot of last-minute errands—the “checking out” at a down-stairs desk—such things as those make leaving a hotel a more complex process than arriving.

In these hotels we try to simplify things as much as possible. Perhaps you have noticed the cards in bedrooms which indicate how much time you should allow for handling baggage and making your train, or those which warn you of differences between "city time" and "railroad time".

But the real problem is, as always in hotel operation, people. The thing we most strive for is to have the employees concerned—the head porter, and bookkeepers, and cashiers—do all they can toward being useful and helpful to you when you're leaving us. That, of course, is because we want you to go away well satisfied—and to come back.

Here are some of the things we ask our employees to watch when they are dealing with "departing guests":



Hotel Pennsylvania

Opp. Pennsylvania Terminal. New York. *The Largest Hotel in the World*



Instructions to Statler Employees who handle "departures"

PORTERS should remember that time-tables and connections and through service are complicated matters to many people, and that written memos are often better than verbal answers.

"Our policy is that nothing is too much trouble which is necessary to good service. In explaining routes, schedules and any complicated processes, remember that patience and thoroughness are as obligatory upon you as unfailing courtesy.

"Make no promise that you aren't sure you can keep.

"Remember that cheerfulness is one kind of ability—and a kind that is valuable in the hotel business. Most mistakes in detail are forgivable—but a grouch, or an uninterested attitude toward a guest, or a surly or discourteous answer isn't forgivable, in these hotels.

"A guest who is checking out wants his bill promptly and wants it accurate; he is just as much entitled to a cheerful courtesy as to promptness and accuracy; and our bookkeepers must see that he gets it.

"Cashiers should remember that the least pleasant moment of a man's visit to a hotel is when he is paying his bill. I

want you to thank every departing guest for his patronage—and I want you to mean it when you say it. I want people to leave us without having their good impressions of us spoiled by a *curt dismissal* when they should have had a pleasant 'good bye, and come back to us.'

"Remind guests about leaving forwarding addresses; lots of people are forgetful.

"Don't ever—don't ever—let anybody leave any of our hotels with a feeling of dissatisfaction. If you sense that he's disappointed about something, or displeased about something, try to get at the cause and make it right, or call someone who can make it right. It is of the highest importance to this business that our customers be pleased, and come back to us; and you must do your part toward seeing that our promises are kept.

"And again, first, last, always, be courteous and gracious and helpful in every transaction—and not with guests only, but with your fellow-employees also."

About These Advertisements

This ad is one of a series, each addressed to certain of the people who serve you in our hotels. They tell you—by showing you the instructions issued to our helpers—just what you are entitled to expect when you come to us. Other advertisements (any or all of which will be sent you if you want them) deal with the work of:

**Managers and Assistant Managers
Room Clerks
Headwaiters and Their Assistants
Waiters and Their Helpers**

**The Housekeeping Department
The Kitchen Staff
Telephone Operators, Mail Clerks and
Elevator Boys**

drove into the yard and left with his wagon piled full of different items for his cattle shed.

The stuff we sold Preston and the materials we sold Simmons and the items we sold Van Gundy all may have come to us in the same car from the same mill. We paid about the same price for all the No. 1 sheathing we got, the same price for all the No. 1 dimension in that car and the same price for all the B & Btr. flooring. We added our overhead charge and our profit to the mill price along with other charges and arrived at a selling price.

Now when Preston comes in and buys lumber we sell it to him and deliver it nearly 2 miles to his house for the same price we charge Simmons, and we only carry Simmons' stuff about two blocks. Then Van Gundy comes in and takes a load right out of the yard, without bothering us about delivery. And what do we charge him? Why, the same identical price that we charge Simmons and Preston. It costs us more to complete the sale to the two city men than it does the one to Van Gundy.

We've added enough to take care of our truck expense and have been liberal in allowing for depreciation, and we probably are not losing any money by running the truck. But that isn't the point—it's the injustice to Van Gundy. We make him help pay for the service we're rendering those other two men, and it isn't fair.

We can actually cut the cost of our lumber at the yard if we will cut out this free service. We could make a price on the lumber in the yard and then add so much to that price for delivery within a radius of 1 mile, so much for 2 miles, and so on, fixing a minimum delivery charge.

Clay MenAppealed to To Pay No Dividend in 1922

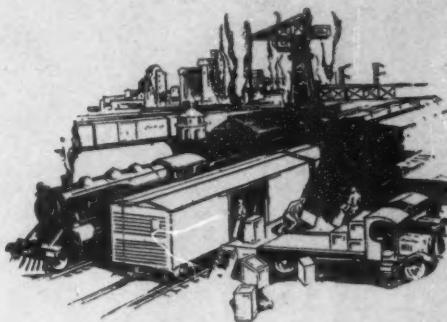
THAT excellent maxim about preparing for war in times of peace is pertinent to industry as well. Much that has been written about the business cycle simmers down to advice against over-expansion in good times, that there may be a proper reserve for bad times.

One trade paper is putting those precepts into definite form for the members of its industry. *Brick and Clay Record* has called upon its readers to "pay no dividends in 1922." It is urged that the money thus saved be put into plant betterments. Here's the way it puts its argument:

"And now—here at the "fork in the road"—we urge every clay plant executive to consider well a suggestion that our study of the situation forces us to make. Briefly, it is this: Pay no dividends in 1922! At least, until you have had a careful analysis made of conditions on your plant, and have set aside a surplus that will enable you to do those things that will help you to join in the industry's necessary efforts to cut manufacturing costs. This is, as we see it, the *only way* to preserve prosperity to the industry. It is the *only way* to meet the future competition of other building products—the *only way* to insure a satisfactory and continuous demand for burned clay products.

We realize that our suggestion will come as a bomb to many clayworking centers. Stockholders will "raise a howl!" It will take courage for an executive to take this stand, but remember that "It's as easy for the strong to be strong as for the weak to be weak." *Courage and Preparation* now will enhance the value of every share of stock, for the continuation of dividends depends on what is done on the individual plant to keep step with the progress of all commercial activities.

So—we invite every reader of *Brick and Clay Record* to join us in this plant betterment campaign. It will mean reduced costs and ultimate increased profits—a better basis for a new business era.



When hours and minutes meant profit

How a specialized bank service, to speed up the turnover of capital, was used to save valuable time

THREE was a freight car of perishable farm produce somewhere between New York and Chicago—nobody knew exactly where.

With the market strong, the shipper was much concerned. Until the produce was delivered, his capital was tied up, and he needed his capital for new shipments.

At this point the Irving Bill-of-Lading Department was brought into the situation. A special representative was sent immediately in search of the missing car.

In one day the whole matter was cleared up—the consignee had his goods, the draft was presented by special messenger and paid, and credit wired to the consignor.

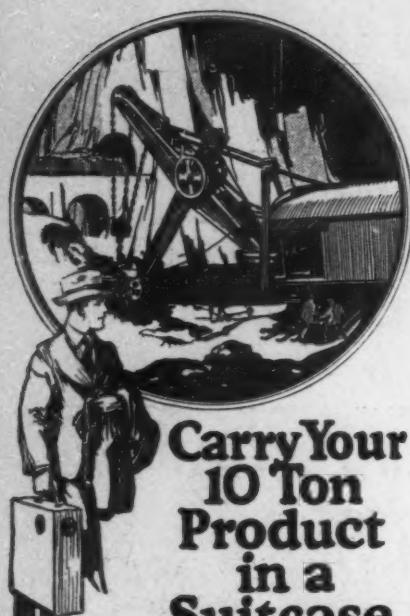
Pre-eminently commercial for over seventy years, the Irving National Bank has built up many highly specialized departments—all designed to make its customer's dollar more powerful by speeding up commercial transactions.

The Irving's special Bill-of-Lading Department is organized to trace railroad shipments, to locate freight cars on arrival at terminals, to eliminate every sort of delay in releasing capital.

Quick, accurate service in collections, in transfer of funds, and in securing credit information abroad, is assured through the Irving's correspondents or special representatives in more than 5,000 foreign cities and through direct cable connections with every trade center in the world.

IRVING NATIONAL BANK
NEW YORK





Carry Your 10 Ton Product in a Suitcase

If yours is a big, bulky product, or a service that's hard to sell—Film It!—Put it in a suitcase-like ACME Projector, and carry the actual demonstration right to the buyer's desk. Selling with motion pictures is

An Idea That Is Revolutionizing Selling

The old way, you either had to conduct a demonstration or kidnap your prospect and take him to the place where your machines were operating. The first of these methods is expensive and too uncertain. And the latter puts the buyer to much discomfort and inconvenience. The old ways are fast giving place to the new. Among the hundreds of concerns that sell with "Acme Pictorial Persuasion" you'll find the leaders of nearly every industry. May we tell you about some of the developments in the Acme Portable Suitcase Machines and some of the advantages of motion picture selling as it might be applied to your business. The coupon below is for your convenience.

Tear Out and Hand to Your Secretary

Please write the Acme Motion Picture Projector Company for information concerning their new advanced machines and the advantages of motion picture selling as it might be applied to our business.

ACME MOTION PICTURE PROJECTOR COMPANY

W. Washington Blvd.
Chicago, Ill.



Acme Motion Picture
Projector Co.

Industrial Service Dept. 00

W. Washington Blvd., Chicago, Illinois
GENTLEMEN:—Without obligation on our part, kindly send us facts on the advantages of motion picture selling as it might be applied to our business, and information about the improved Acme Portable Moving Picture Machines.

Firm Name _____

Address _____

P. O. _____

When the Scrap Heap is an Asset

By E. W. McCULLOUGH

Manager, Fabricated Production Department, U. S. Chamber of Commerce

YANKEE thrift made it possible to keep the deacon's one-horse shay going for one hundred years. This longevity of one of the most famous of vehicles was made possible by the occasional replacement of wheels, axles and other parts. But in these modern and progressive days, when we count costs, such a procedure would be viewed as doubtful economy.

Obsolescence in production is a subject that has been given much thought and study recently as a part of the standardization campaign being conducted by the Fabricated Production Department of the Chamber of Commerce of the United States. In its endeavor to do away, as far as possible, with all forms of economic waste, this Department of the Chamber has given much consideration to the question of simplification of varieties. In the supplying of a considerable variety of commodities, especially those in machinery and equipment lines, it is important to determine upon a common rule for disposing of superseded styles, designs and patterns. It is necessary, of course, to avoid injury to proper service to the consumer. So far no solution has been found which will apply to all industries.

One manufacturer of accounting equipment reports that it is not their policy to carry repair parts longer than fifteen years after the production of a given model has been discontinued. However, this same manufacturer is occasionally called upon to repair machines that have been in use for a quarter of a century.

Another manufacturer, a producer of electrical and heavy machinery engines, states that his patterns are divided into two grades. The first grade patterns apply to standard work, which are made and finished in a first-class manner and changed from time to time to meet requirements, while the second grade patterns are those patterns used for one job only and made as cheaply as possible to obtain the required number of castings. These patterns are destroyed after the castings are found satisfactory and the job shipped.

For the guidance of commercial department managers, who have the final recommendation as to the retention or scrapping of patterns, this last named manufacturer has his Pattern Department prepare periodically a list of patterns in use in production in the previous three or four years. The life of patterns is not necessarily determined by the time they have been in use but rather upon the judgment of the manager handling the particular product, who is, of course, best qualified to determine future requirements and service expected by the customer.

This firm, at the present time, has in storage patterns covering standard products developed and produced from fifteen to twenty years ago. This is necessary, of course, since the lines are standard, and the firm receives from time to time repair and replacement orders. Obsolete patterns, as the result of changes in design, are promptly scrapped unless perhaps there has been an unusually heavy sale of the product. In such cases, patterns must be retained to provide for repair work.

It is no small item of expense for firms manufacturing machinery of the type I have been discussing to retain patterns, jigs, dies, etc., which are very costly, for a period of

years. It means a considerable addition to the overhead because of the necessity of providing real estate, buildings, fire protection and watchman service, as well as clerical force to keep them in a safe and orderly manner.

Turning now to such lines as farm machinery, the question of pattern storage and the carrying of adequate repair stocks is again an important expense factor. There is no rule which can be applied in determining how long such equipment will last; it depends largely, if not altogether, on the use and care given the tool or equipment. If we were not making the rapid progress we are in invention so that it was not necessary to make changes in design and improvements in utility, the matter would be quite as simple as replacing the parts of the deacon's old shay. In most lines, however, new models are being introduced constantly and the demand for the older ones just as constantly decreasing. This means that the number of slow-moving lines is on the increase, and as they cease to pay their way they become an increasing burden of overhead expense.

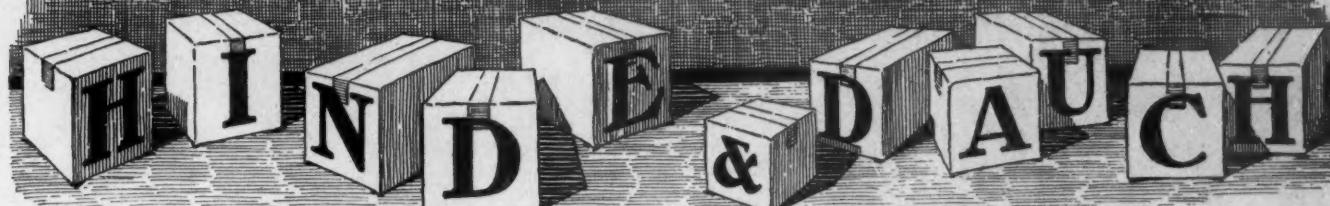
Through a sense of service to the customer and a safeguarding of his interests, many concerns have built up a certain amount of goodwill toward their products through publishing the fact that they are prepared to furnish duplicates of obsolete patterns or component parts for them indefinitely. It is at this point the question should be raised as to whether or not their best interest and that of their customers is being served through such procedure.

It is ancient history that Mr. Carnegie, in developing his business, was ready to scrap equipment which had been in use only a few months, if he could be shown other equipment that would produce greater volume more economically, and we count him among those making a success of business. While this instance refers rather to production processes, yet it involves the same principle as to when the use of an article may be discontinued in favor of a more improved one economically.

This problem is an actuality and exists almost everywhere; one has only to visit the farms, shops and smaller factories in any section, where will be found in use equipment made from twenty to twenty-five years ago, all of which is giving some service, but in the interests of better operations and economy should have been disposed of a long time ago. Much of this equipment will continue to be used as long as repair parts to keep it in working order are supplied; therefore it is an important question as to how long the furnishing of these parts should be continued.

Only recently an eastern concern took an inventory of its patterns and found that it was cataloging over 10,000 items and that less than 600 of its lines were being produced in sufficient quantity to make them profitable, and it is now engaged in an effort to eliminate the unprofitable. As far as it has gone it bears testimony from its experience that it is not only benefiting, but its customers are receiving better service.

It may be a matter of pride to say that one can furnish duplicates or repairs for every article made from the beginning of his business, but it would seem more creditable to boast of one's ability to furnish the latest



Shipping Boxes

NEVER before have packing methods come in for so great a share of executive attention.

With modern merchandising methods on the one hand demanding better, cleaner and more convenient boxes, and business conditions on the other compelling that costs be held down to a minimum, there is really need at this time for better-than-average discrimination in box buying.

Why not spend a few minutes in the packing room talking this thing over? Are you paying too much for your boxes? Is your merchandise getting through in good shape to destination? Cannot a better and neater looking box be bought for the same prices you are now paying? Are you using heavy, hard-to-handle wood boxes where you could be using lightweight and more convenient corrugated fibre cases? A little thought given to these questions will bring to light some heretofore unthought of economies that can and should be inaugurated now.

H & D Corrugated Fibre Shipping Boxes are used by big and little shippers in a thousand different lines. Their low cost coupled with proved efficiency has made them the outstanding shipping cases from every viewpoint. Just a line to us that you are interested in "better packing" will bring you catalogue and details of our comprehensive free service. Address

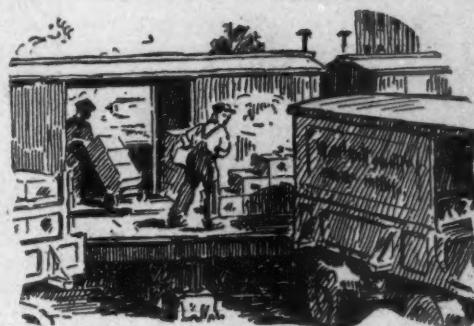
The Hinde & Dauch Paper Co.
304 WATER STREET

SANDUSKY, OHIO

Canadian Address: TORONTO—King Street Subway and Hanna Ave.



CORRUGATED FIBRE BOXES & PACKING MATERIALS



-no winter
this winter



**mail
this**

You and your family
should spend this win-
ter out-of-doors in
California.

There are excellent schools for
the children and golf links galore
for you.

Then—for the week-end—
motoring over perfect highways,
along the base of green-clad moun-
tains and by the sea.

There are luxurious resort
hotels and cozy inns, or, rent a
bungalow and enjoy your own
rose garden.

The Santa Fe operates four
daily trains to California. One of
them—the California Limited—is
exclusively for first-class travel
and Fred Harvey serves all the
meals "all the way."

Spick-and-span new steel equipment
on the California Limited.

There are Pullmans via Grand Canyon
National Park, to Los Angeles, on
both the California Limited and the
Missionary. We will arrange your Pull-
man reservations so you can stay at the
Canyon any number of days and be
assured of space when resuming journey.

Why not visit Southern Arizona, going
or returning? It is delightful at Castle
Hot Springs, Ingleside and Chandler.

Hawaii afterwards

Mr. W. J. BLACK
Pass. Traf. Mgr., Santa Fe System Lines
1126 Railway Exchange, Chicago
Please mail to me following Santa Fe booklets:
California Picture Book
Grand Canyon Outings
Also details as to cost of trip.

and best. This should not mean, however, that the customer should be denied repair or duplicate part service during a term of years covering the reasonable life of the article, which can be determined only by experience.

As in the effort to reduce the number of varieties, no attempt is being made to do anything more than eliminate waste, and in pursuing that line little more is necessary than to make a careful survey of each line with reference to obsolescence and then apply a common-sense rule which will govern the dropping of obsolete lines. This rule undoubtedly can best be applied by those in charge of the production and sales departments and the management.

Taking Issue With Senator Pepper

To the Editor of *The Nation's Business*:

Senator George Wharton Pepper, in your October number proposes, as a final resort, that strike issues be submitted to the people for an expression by ballot.

Every original and constructive suggestion on industrial relations is valuable, but it seems to me that there are certain fundamentals about the philosophy of strike-curing that need to be re-stated occasionally.

Senator Pepper's premise that the public is the logical third-party to break the strike deadlock is obviously sound, since the public, on the whole, has the largest stake, including the property and labor interests of the two disputants and the comprehensive consumer interest of us all.

The third-party should act as a judge, not a compromiser. Senator Pepper, it seems to me, goes that far. Arbitration has not been successful. It lends itself to wobbly dicker-
ing, the see-saw play of special interests, and arrangements whereby the public may lose.

The judge must be fair to both disputants.

In order to be fair, the judge must be both intelligent and informed.

Granting that the public may be sufficiently intelligent, it can hardly be said that the public can be sufficiently informed to pass upon the technical problems of the coal industry. Under ordinary circumstances it would be impossible for the average citizen of Nebraska or Florida to pass upon the right or wrong of a coal strike in Pennsylvania. Probably not more than 1 per cent of the people are familiar with the intricacies of the check-off, mine-run, dynamite shooting or safety appliances, or know whether a miner should receive one dollar an hour or a dollar and a quarter. Obviously the only qualified judge is a compact board, commis-
sional in nature but with judicial powers, to find and understand facts of production and hand down a prompt and binding decision based upon expert knowledge.

In order to educate the public, as Senator Pepper suggests, it would take weeks and months in the case of each strike, and the country, while scratching the bottom of the coal bins, would be dished full with the yammer of pro-labor or pro-capital orators and the hokum of typical campaign literature.

Many years ago it was decided that the settlement of freight-rate disputes was not properly a matter for special interests to handle, and the Interstate Commerce Commission was evolved. It would have been impossible for the public, en bloc, to vote upon freight schedules. Strike issues are equally technical and complex. They require the prompt and decisive services of a tribunal of trained men.

ELMER T. PETERSON,
Topeka, Kansas.



**\$22.50 FOR THIS NEW
*Weis***

OAK LETTER FILE

For years we have been supplying filing cabinet users with our low priced 421 letter file; then later our improved 1724 file, both exceptional values. Our determination to constantly improve our product now gives us the opportunity of offering this new

HIGH GRADE, FLAT TOP, PANELLED SIDE AND BACK FILE AT A POPULAR PRICE

The drawer fronts are five-ply, built up Quartered Oak—no warping or swelling and the drawers operate easily on hard fibre rollers; will not pull out accidentally but can be readily removed when desired. New interlocking features are used in the construction of the frame which assures long life to this superlative file. All drawers equipped with easily adjusted, auto-locking follow blocks to keep contents in vertical position. Trimmed with brass finished label holder and a wide deep pull especially designed for utility.

Don't buy a letter file until you have first inspected this WEIS 1900 line. If your dealer does not have one on display and hesitates to procure one for you, ORDER DIRECT. Freight paid to your railroad station.

No. 1923 3 drawer Letter, OAK \$18.00
No. 1924 4 drawer Letter, OAK 22.50
No. 1933 3 drawer Cap, OAK 22.00
No. 1934 4 drawer Cap, OAK 26.50

Mahogany finished cabinets supplied at 10 per cent extra.

These prices apply in North, Central and Eastern States. Consistently low in South, Southwest and West.

YOU'LL NEVER OVERLOOK IMPORTANT DATES WITH A *Weis* "JUST-A-REMINDER"

A perpetual calendar, follow-up and memo or address file all in one. Calls your attention to appointments and coming events you wish to be reminded of. No more overlooking the wife's, husband's or children's birthdays. Outfit consists of oak tray, set of daily and monthly guide cards and 100 memo sheets. Full instructions with file. "Just-a-Reminder" solves the gift problem. WEIS No. 9 at your dealer or sent prepaid on receipt of \$1.00

The *Weis* Manufacturing Company
92 UNION ST., MONROE, MICH.
New York Office, 52 Park Place

Log of Organized Business

IN ITS study of the elimination of waste in production processes, the Fabricated Production Department of the National Chamber has developed the fact that, while the major responsibility rests upon the manufacturer for uneconomical varieties, the distributors have contributed to it. According to a statement issued by the department:

The retailer has been pointed at as one of the principal offenders in adding many unnecessary and wasteful varieties to many commodity lines. It has been charged that, through collusion between traveling salesmen and retailers, many excess varieties have been brought into the market. In other words, if the retailers and traveling salesmen agreed that certain additions or changes to a line should be made, they were almost certain to occur.

There is evidence that the retailer in many lines is awakening to the fact that his business is requiring more capital, larger quarters, more help, and in the end, while his sales volume is larger than ever before, his net profits have not grown in proportion.

He is beginning to analyze his stock and to find that he is carrying an increasing variety of models and patterns to serve the same trade. He also finds that he is handling duplicate lines from several concerns which simply increase his assortment, but do not materially increase his sales. Moreover, he is realizing that he has gone too far in endeavoring to keep in stock everything that his customers might fancy.

From watching certain lines on his shelves, he is conscious that taken as a whole his turnover is constantly becoming slower, as the result of having too many varieties.

The National Retail Hardware Association, which is a federation of state and district retail hardware associations, representing 21,000 retail hardware stores, has for some time been investigating this question of turn-over as it related to such lines as mixed paints, files, pocket knives, axes, hammers, wrenches, etc., with the result of finding very considerable excess of varieties in those lines and duplications for which there apparently was no defense except that in the belief of some a large variety promotes sales.

In cooperation with the Secretary of Commerce this organization was instrumental in bringing together a number of manufacturers in the lines mentioned for conferences in Washington, which extended over several days in September, at which the secretary of the retailers' organization presented the results of his survey and urged manufacturers to consider reasonable reduction in varieties in a number of lines. It is gratifying to be able to record the fact that his suggestions were well received and in almost every instance he was pledged cooperation in proceeding to work out this reduction in an orderly manner.

In the near future a meeting of manufacturers will be held at Atlantic City, when the Simplified Practice Division of the Department of Commerce will present the subject of eliminating waste through the reduction of varieties in its application to all hardware lines. This realization on the part of the retailers of the cost of producing and carrying unnecessary varieties opens up a new channel to drive home to the consumer the economical necessity of eliminating excess varieties. As the consumer eventually pays the bill, there is perhaps no other agency which can render this service more effectively than the retailer, because of his direct personal contact with the consumer and buyer. An effort will be made to arouse retail organizations serving other lines of trade to pursue a similar course which cannot fail to result beneficially.

In viewing the matter of simplification of varieties and standardization, the facts should be kept in mind that it is in no way an effort

Are your high priced executives office boys?

DO YOU pay big salaries to executives for work that office boys can do?

A good part of many high priced employees' time is spent *walking around*. All day long they go from desk to desk, seeking or bringing information. *For every man or woman walking around there is probably someone waiting.*

When a buzzer is pressed, someone walks and someone waits. When you say, "Ask Mr. Smith to come in," someone walks and again you wait.

When your department heads want *quick* information *they themselves walk* to where they can get it.

Most of this walking around, lost motion and waiting can be avoided. The Dictograph System has solved the problem for thousands of large and small organizations in every line of endeavor.

The Dictograph System provides direct and instantaneous communication between persons and departments regardless of the distances between them. The pressure of a key instantly and automatically makes and completes any desired connection.

The Dictograph System makes it easy to establish communication and seek information *without walking or waiting*. The difficulty and delays incident to old methods of getting facts have been responsible for much procrastination. The Dictograph System eliminates that cause of inefficiency.

Thousands of nationally known executives have endorsed the Dictograph System as an indispensable part of their equipment. The service it is giving them can be duplicated in your own offices. Simply fill out and mail the coupon shown below and let us show you right on your desk, in less than ten minutes, what the Dictograph System can do for you. Let us show you how it conserves time; how it increases everyone's efficiency; how it expedites the transaction of routine business.

No office is too small or too large to benefit from the use of the Dictograph System; a Junior System of two stations can be put in for from \$75 to \$100, and large systems in accordance with the requirements; all installations are covered by a strong three-year service guarantee. Mail the coupon NOW. Positively no obligation on your part.

Dictograph Products Corporation
CHARLES H. LEHMAN, President

220 West 42nd St. New York

Dictograph Products Corporation 220 West 42nd St. (1379 Candler Bldg.) New York	
<input type="checkbox"/>	5-Minute Demonstration. You may give me a 5-minute demonstration of the Dictograph, with the understanding that it places me under no obligation.
<input type="checkbox"/>	Free Booklet. You may mail "An Essay on Executive Efficiency," which analyzes the problem of intercommunication.
Name	
Address	
(Please attach to your letterhead) N.B.11-23	

Men of Calibre

Are wanted by THE NATION'S BUSINESS to fill five positions on its circulation field staff. Their daily work will bring them into contact with the leaders of industry and banking.

The right men must have a clean record, exceptional address, intelligence above the average, initiative and imagination, and a capacity for real work.

Our force is limited to a small number of unusually high-type men—most of them college-trained—who have the ability and enthusiasm to describe this magazine.

The men who qualify will be given the opportunity to settle in one of the most productive sections of the country. We train while the work is going on, and we furnish complete co-operation in routing and prospects. Address the

Director of Circulation,

THE NATION'S BUSINESS
WASHINGTON



An Outlook on Business

FROM its point of vantage in the commercial community the large bank is able to observe closely the trend of business currents. It becomes thoroughly familiar with trade conditions and is in a position to give sound advice and timely assistance to its customers.

The Bankers Trust Company offers to its customers everything in financial facilities that may be needed by any business, large or small. It seeks the accounts of concerns and individuals desiring dependable banking service and willing to do their part to make their connection here a mutually satisfactory one.

It places at their disposal the complete machinery of modern banking in full operation at its three New York offices—the Downtown Office at 16 Wall Street, the Fifth Avenue Office at 42nd Street and the 57th Street Office at Madison Avenue—and at its Paris Office, which is a strong, fully-equipped American bank at the financial center of continental Europe.

You are invited to consult us about what our service may mean to you.

**BANKERS TRUST
COMPANY**

NEW YORK

PARIS

to have everything of a kind cast in the same mold, nor to interfere in the slightest with initiative and invention, but as we progress in adding new styles, sizes and kinds which may be necessary, a corresponding amount of attention should be given to determining what lines are duplication or superfluous for other reasons, and a systematic plan devised for their retirement. In this way production costs will be lowered, there will be less slow-moving stocks, and the increase in service to the consumer will be most marked.

A New Fashion in Retailing

AN IMPORTANT firm of wholesalers, the Domestic Distribution Department reports, has adopted the plan of investing its funds directly in retail cash stores and will abandon the practice of giving credit to retailers on which they in turn conduct a credit business with their customers. Briefly, the new plan is to select competent local merchants who can provide \$1,000 of capital to which the wholesaler will add \$2,000, making a total investment of \$3,000, which is regarded as the amount necessary to conduct successfully a cash-and-carry store. Already the wholesaler has a force of experienced traveling men who first are to make the selection of those who will go into partnership with the wholesale firm, and afterward they will act as inspectors of and advisers to the local stores.

Several interesting factors are present in this plan: First and most important is the apparent conviction that large credits given ostensibly to retailers really are for the use of consumers and that the control of credits used in this way is too far removed from their source; second, that too much business has been done on credit by independent dealers; third, that the operations of an establishment should be under the guardianship of those who finance it; fourth, that the required coinvestment of the local proprietors is a reasonably good guarantee for the success of the venture; fifth, that fighting fire with fire is a safe rule in economics, because probably no reader will overlook the resemblance between this plan and chain stores.

Yet the resemblance to the ordinary chain store system is more apparent than real. The chief objection to the chain is absent, since the local manager is selected from his home town, probably has been in business there and already is identified with its institutions and activities. There is no change in his status, but his backbone has been stiffened to the point of refusing credit, and this chief obstacle to his success is removed in a manner which relieves him of responsibility in that part of the affair.

We have not stated the kind of business in which this wholesaler is engaged because it is a matter of little importance. It might be dry goods or hardware or groceries or drugs without affecting the principle in the remotest degree. Our desire is to emphasize the difference between the past and the proposed plan of this wholesale firm. Undoubtedly they discovered that instead of selling goods they were lending their credit with less return and more risk than a bank would contemplate and that financial common sense commanded a change.

The Business Man's Budget

THE Fabricated Production Department of the National Chamber has been studying the matter of budget-making for the past six months, visiting plants and offices and carrying on an intensive investigation by correspondence. These results will be formulated within the next two or three



A Saving in the Palm of your Hand

A good bookkeeper is worth two poor ones. A girl with an Elliott-Fisher machine is worth at least two of the best bookkeeping clerks you ever had. Why?—because on the Elliott-Fisher flat writing surface she can do *all* the essentials of bookkeeping *at one writing* which a clerk must do one at a time.

Just calculate a moment. How many bookkeeping clerks have you? What do they cost? On the above basis how much can you save every month? Call in our representative in your city and find out how Elliott-Fisher provides more accounting information, better records, faster, at less cost, and with absolute mechanical accuracy.

1. Elliott-Fisher gives a complete record (written description as well as figures) of each transaction. Without both no record is really complete or understandable.

2. It saves the maximum of time and labor by making the

greatest number of records or the greatest number of legible copies of one record at one writing.

The invoice, the statement, the ledger record, the analysis of sales or purchases, or any other related combination of records, can be made at one operation on

the Flat-Writing Surface, an exclusive Elliott-Fisher feature.

3. It provides the Daily Audit Sheet, a carbon reproduction of the entries made on all records, which gives mechanical proof of the operator's accuracy.

The Elliott-Fisher representative will gladly help analyze your accounting problems and without placing you under any obligation make a written report of what Elliott-Fisher can do for you.

ELLIOTT-FISHER COMPANY
342 MADISON AVENUE AT 43RD ST., NEW YORK, N. Y.

Elliott-Fisher

Accounting and Writing Machines: Flat Writing Surface

"See
it
in
Sweet's"

**SWEET'S
ENGINEERING
CATALOGUE**

INDUSTRIAL
AND
POWER PLANT
MATERIALS AND
EQUIPMENT

NINTH
ANNUAL

If yours is one of the fortunate 15,000 firms* receiving this volume annually, you get under a single binding the catalogues of 600 leading manufacturers. Use it as a reference book. Use it as a helpful guide when making plans. Use it when writing specifications and requisitions. Let it save you time—let it save you bother—let it save you money. Get the saving habit—"See it in Sweet's."

*The 15,000 biggest buyers

SWEET'S CATALOGUE SERVICE, THE F. W. DODGE CO., 133 W. 44TH ST., NEW YORK CITY

SWEET'S CATALOGUE
SERVICE, Inc.
NEW YORK, N.Y.

Two Thousand New Subscribers are joining THE NATION'S BUSINESS family each month

We are grateful to our friends who recommend us. More and more evidence of this spirit comes to us. We get this on a bank letter-head:

"We are informed by the manager of the — Branch of the Federal Reserve Bank that *The Nation's Business* is exceptionally fine, and we would be pleased to have you enter our subscription, billing us for the same."

We also appreciate the added responsibility placed on us by this action, and we shall try to merit a continuation of confidence.

THE NATION'S BUSINESS
WASHINGTON

weeks in a pamphlet that will give the best of the experience of numerous manufacturers in budget-making, that will suggest a visible financial goal and the necessary budget machinery to attain this, and will include as well three budget systems now in actual use and operation.

Inasmuch as budget-making for business men is relatively a new departure, interest attaches to the letter of inquiry sent out by the Fabricated Production Department:

DEAR SIR:

The object of this letter is to test the interest in and experience with budget systems, designed to guide sales and production programs.

The following are some of the essentials of such a budget system:

a. Careful estimate of sales based upon previous years' experience, tempered by the immediate business situation.

b. Scheduling of production in keeping with sales estimates.

c. Careful gauging of material requirements.

d. Establishment of standards of labor performance.

e. Careful analysis of expenses, with limits set for auxiliary services, such as power, maintenance and delivery.

f. Provision for funds to carry through projected sales and production programs.

g. Provision for checking and revising standards by performances.

h. Predetermining of profits and losses.

Are you now using a budget system? If so, with what results? If you are not operating with a budget system, would you be interested in receiving further information along that line?

A prompt reply will be appreciated.

The responses from the foregoing letter were almost unanimously favorable on the budget idea. Manufacturers were either satisfactorily operating on such a plan, or at the time establishing such a system, or interested in securing further information. A manufacturer of farm implements said: "We do not feel that we could satisfactorily operate our business without a budget system or something similar to it," while a manufacturer of overalls wrote, "Never in our experience have we seen anything to operate for true economy in factory and shop at all comparable with the budget idea."

The methods pursued by certain manufacturers in installing the budget within their plants are of interest. Thus a manufacturer of office appliances writes:

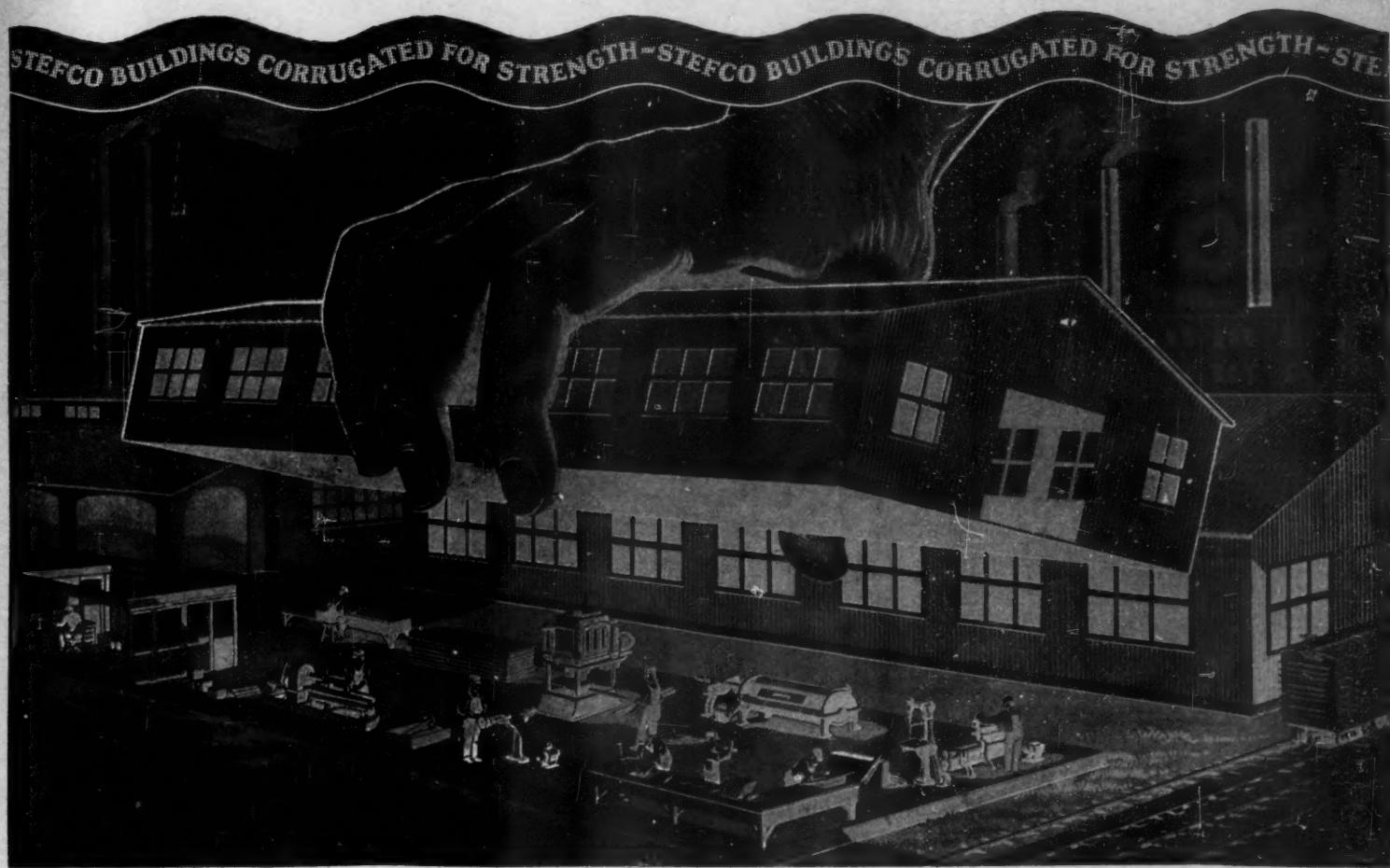
At the present time we are installing a new cost system as well as a budget system. The installation will not be completed much before the first of the year, so that our experience with the new system is very limited. In the past we have prepared a budget once a year which has largely been made up of estimates of all expenses based on the preceding year. These estimates are checked quarterly with actual expenses.

In the future we shall have standards set for each item of expense. For example, a standard organization will be set up for each department, based on 100 per cent production, 90 per cent production, etc. The jobs in each department will be analyzed and standard rates set for each job. At the end of each month, we shall compare the standard with the actual payroll and expense, showing any changes due to variation in rates, variation in staff, etc.

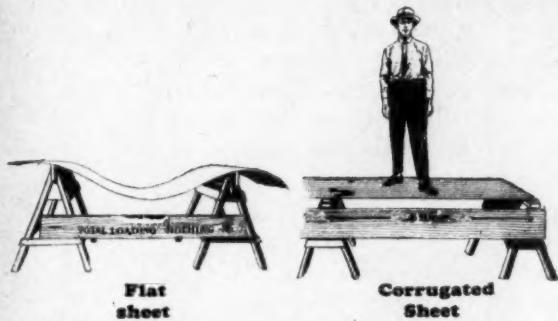
A long-established manufacturer of machinery writes as follows:

As far as this company is concerned, we are just starting the development of a budget system. Our difficulty lies in the fact that there are so few recognized standards for the different classes of work to be considered. For

(Continued on page 59)



Need more space quickly?



Why Stefco uses Corrugated sheets. The two pictures above tell the story. The flat sheet sags under its own weight. The corrugated sheet shows no deflection under 195 pounds. weight. Engineers all agree that corrugating is the best known method of reinforcing and strengthening metal. Stefco Engineers know it is and offer you the proof. Incidentally, a feature exclusive with Stefco.

STEFCO
CORRUGATED FOR STRENGTH
Ready-Built
STEEL BUILDINGS

Will one story construction do the work? Then you want Stefco—the best building "buy," by far. Why? Simply because Stefco Ready-Built Steel Buildings offer "more facilities per dollar"—and offer them immediately—by the time your foundation is in. Built of structural steel to resist fire—galvanized to resist rust—and corrugated for strength. Exclusive features of Stefco Buildings.

Shops, foundries, warehouses, factories of any kind—there's a Stefco to suit your needs just as efficiently as costly made-to-order structures—and suit them quicker.

Don't hold back on expansion because of high building costs. Consider Stefco—get the facts—act. Be using your new factory in two or three weeks from now!—and pay well under a dollar a square foot for it. Stefco is your answer.

STEEL FABRICATING CORPORATION
GENERAL OFFICES AND WORKS
MICHIGAN CITY, INDIANA





The Harvest Is Ready, But He Has No Harvesters

A group of bankers loaned over \$10,000,000 to a company whose product was sold largely to farmers.

Later, when farmers were not buying, these bankers had to take charge of the business, and for nearly two years have directed its management.

They have kept the plant in perfect condition, and in every way have protected the physical assets on which they made the loan.

But all advertising was discontinued. The productive capacity of the plant was maintained, and goods can be made in quantities, but the output cannot be sold, because no effort has been made to maintain a demand for the company's product.

The sales organization has been badly shattered and many of the best dealers have been lost as a result.

Now that farmers are buying again,

the company cannot profit, and the sales machinery must be built anew.

The harvest is ready, but the company has no harvesters

About a third of our people live in the country. Manufacturers of anything the farmers use, eat or wear cannot afford to neglect this large market, and bankers should see to it that their customers protect at all times the asset of good will and consumer demand.

The farmers are buying now. The United States Department of Agriculture estimates they will have a billion and a quarter dollars more to spend than last year.

Representatives of *THE COUNTRY GENTLEMAN* will be glad to discuss this great sales opportunity with any one interested.

The COUNTRY GENTLEMAN

The Curtis Publishing Company, Independence Square, Philadelphia, Pennsylvania

The Country Gentleman *The Saturday Evening Post* *The Ladies' Home Journal*

example, we should like to know what would be a reasonable expense per thousand employees for payroll work, for time and cost work, etc.

Wherever practicable we hope to develop a cost per producing hour, but if the work performed has no relation to the productive hours in the shop we shall use the cost per ton, cost per job ticket, cost per thousand employees, etc., as the circumstances require.

The following detailed reply from a manufacturer of hardware, to the inquiry of the department is typical:

a. We do operate a budget system.
b. Production is run first in connection with incoming orders combined with sales reports taking into account after that whether we are trying to increase or reduce inventory items.

c. Material requirements are usually based on endeavoring to anticipate the market at least six months ahead, and particularly ahead of the other fellow.
d. Establishment of standards of labor performance is only partially successful, and mostly in that case through piece-work systems. Day labor or hour labor employees are only subject to standard performance through the operation of the law of supply and demand of the labor market, and, as far as our concern goes, there is nothing very definite about these standards.

e. Expenses are always carefully watched to endeavor to keep the percentages in balance compared with sales. For many years past we have taken an approximate inventory every thirty days, and a very careful one every ninety days, bringing out a profit and loss account, formerly every thirty days, now every ninety days.
f. Provision for funds is always carefully supervised to see that we can keep our purchases on a cash discount basis continuously.

g. A continuous cost system is run on lots put through from time to time, but not a total cost system on every item, as this is too cumbersome and we have never been able to make it balance.

h. Predetermining of profits and losses. Usually we can estimate our profits in advance by quarters, but not always by years. Seventy per cent of our inventory is carried and has been carried at 1914 basis of cost, and 30 per cent at cost or market, whichever is lower.

The budget in business has come to stay, for its advantages to an industrial concern are just as great as they are to the government or a private citizen, according to a statement issued by the department. The department will be glad to receive budget information as to procedures for experiences of other concerns.

Foreign Commerce Handbook

AN EXCEPTIONALLY usable Foreign Commerce Handbook has just been issued by the Foreign Commerce Department of the Chamber of Commerce of the United States.

Within the space of thirty-one pages this publication condenses a mine of information as to sources of service in foreign trade. Its alphabetical arrangement makes it a handy reference work for the busy exporter or importer. The book contains also a list of the topics of national importance that are engaging the attention of the National Chamber's Foreign Commerce Department Committee under the chairmanship of Willis H. Booth, of New York.

As the first publication of its kind the handbook meets a distinct need in foreign trade circles.

"Made in Fitchburg" Exposition

AMOVEMENT has been inaugurated in the Fitchburg (Mass.) Chamber of Commerce, by which the products of forty-five of the city's industries were displayed,



There's no Job for the Jobber in many Fields

Jobbers come in for a lot of discussion every little while—so it's interesting to see how many lines of business get along without any jobbing problem.

BUT they have other problems, those fields where there are no jobbers, where goods are sold through distributors, or direct to dealers, or to a small market of ultimate consumers.

¶ We'd like to get this book into your hands if you are a responsible executive of an established business.

¶ If you are interested in increasing your sales, you'll be glad to get it.

¶ Your request, written on your business letter-head, will start the book your way at once.

[Please mention Nation's Business]

The Corday & Gross Co.
Cleveland
Effective Direct Advertising

A BUSINESS MAN— COLLEGE PRESIDENT

ERNEST M. HOPKINS, of Dartmouth writes for a forthcoming number of

THE NATION'S BUSINESS

of what he believes is a real and growing evil in American life—

The Waste in Propaganda

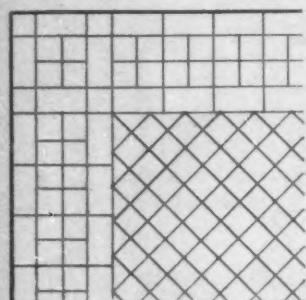
Ask your Banker about
KARDEX
TONAWANDA, N.Y. BRANCHES EVERYWHERE

MAIN and COMPANY
Accountants and Auditors

PITTSBURGH HARRISBURG
NEW YORK PHILADELPHIA

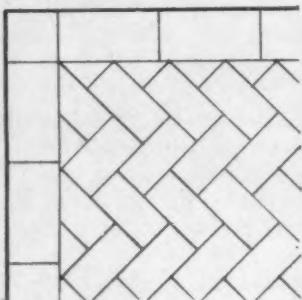
A Floor to Harmonize

Now we can have a slip-proof, safe floor in any color combination. Beauty and safety have at last been successfully combined in a flooring material. All of the artistic color effects that it has been possible to obtain with combinations of marble chips can be had in ALUNDUM SAFETY AGGREGATE TILE with a few added combinations. ALUNDUM SAFETY AGGREGATES are furnished in different colors to insure combinations with color harmony.



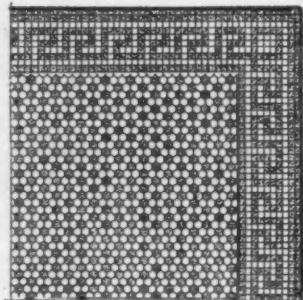
Alundum Safety Aggregate Tile is furnished in the usual standard sizes such as eight, nine, ten and twelve inch squares; 8 x 16" and 10 x 20" oblongs. We also furnish risers, threshold and base tile to match or as ordered.

Alundum Safety Ceramic Mosaic



Tile is furnished in squares 3/4" and 1-1/16"; hexagonal 1". Colors: white granite, buff, light gray, dark green and brown.

Alundum Safety Unit Treads for repair work are furnished in sizes up to 12" wide and 42" long.



Special borders, bases and stair treads can be made according to the architect's direction.

Precast ALUNDUM SAFETY AGGREGATE TREADS are furnished to match aggregate floor tile and in sizes up to 7 feet 6 inches long, 15 inches wide and 3 inches thick.

Precast ALUNDUM SAFETY TREADS with tile nosings backed up with ALUNDUM SAFETY CERAMIC or Aggregates in color are furnished to match or to harmonize with nosing tile.

and we are happy to pass along to other chambers this idea of instilling pride in home achievements.

Glancing over the list of industries represented at the Industrial Exposition, which was housed in one of the city's high-school buildings, it is easy to understand the enthusiasm of Mr. Redfern, the secretary, who reported to us the success of a four-day industrial exposition. The "Made in Fitchburg" products, many of which are finding a market overseas, on display were:

Auto Trucks; Awnings; Babbitt Lining Metal; Bicycles; Brass Castings; Brooms; Children's Suits; Children's Underwear; Combs; Cotton Waste; Cotton Yarn; Duck Fabrics; Files; Gas; Gingham; Grinding Machines; Hack Saws; Hair Pins; Iron Castings; Machine Knives; Mailing Machines; Machine Tools; Machinery; Mixo-Beaters; Newspapers; Paper; Paper Bags; Patterns (castings); Plating Works; Printing; Revolvers; Saws; Shoes; Shot Guns; Screen Plates; Steam Boilers; Steam Engines; Steam Pumps; Steel Horse Collars; Steel Plates; Top Roll Covering; Wood Novelties; Woolen Fabrics; Worsted and Yarns.

Praise for President Harding

JULIUS H. BARNES, president of the National Chamber, sent to President Harding the following telegram, commanding the President for his courage in vetoing the bonus:

The Chamber of Commerce of the United States has felt a deep sympathy in the perplexities of your decision on bonus legislation.

Knowing the pressure upon you from those whom we cannot but help feel are short sighted in proposing that measure, we commend your clear vision which has comprehended the regrettable type of this measure.

We commend your courage for refusing to accede to this pressure and the vigor with which your reasons are presented to the public.

Every uninjured veteran should thank you that his patriotic service is not stamped with the dollar mark.

Every disabled veteran should thank you that by this action better care and support are assured to him.

Every citizen who realizes that unsound government policies and practices lead ultimately to disaster should thank you.

Organized business thanks you that it does not have to face additional burdens and therefore can with better heart work for that arrival of prosperity which will flow largely to veterans, both injured and uninjured.

The Coal Situation

AS A PART of its campaign to stabilize the fuel situation through cooperative effort between the Government and business, the Chamber of Commerce of the United States has made a survey of coal supplies in the states east of the Mississippi and north of the Ohio River. This part of the country has been regarded as the critical territory in the event of a coal shortage this winter.

The information gathered by the Chamber, which was obtained through local Chambers of Commerce, was summarized as follows:

There are practically no supplies in the hands of local dealers.

Public utilities, about forty-five days. By-product coke plants fairly well supplied.

Steel works fairly well supplied.

General industries about forty-five days.

The bituminous situation is becoming easier. There seems to be no general complaint as to price.

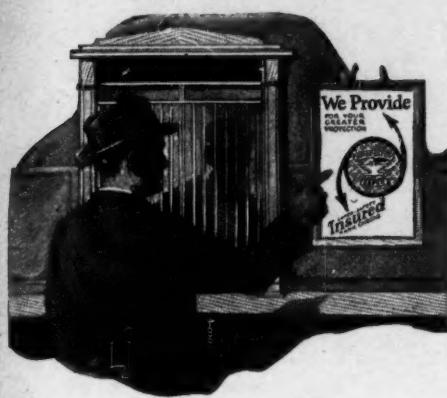
The critical situation is that of securing a sufficient domestic supply in advance of cold weather, especially for the Great Lake states,

NORTON COMPANY
WORCESTER, MASSACHUSETTS

NEW YORK
53 Park Place

CHICAGO
11 North Jefferson St.

DETROIT
233 W. Congress St.
T-50



Thousands of banks present this evidence of protection

You will find this little aluminum sign beside the window of the teller's "cage" inside the bank that gives Super-Safety Insured checks. Tell the banker at the window that you want these checks. Tell him you don't want to trust to ingenuity for protection against check-raising losses. Ask him for these checks and eliminate check-raising hazards.

When your banker gives you your Super-Safety Insured checks he will provide you with a \$1,000.00 insurance certificate protecting you against loss through fraudulent alterations. It stands guard between Super-Safety check users and losses caused by altered checks. Get yours today.



\$1,000.00 of check insurance
against fraudulent alterations,
issued without charge,
covers each user against loss

**Super-Safety
Insured
Bank-Checks**

Insured in the
HARTFORD
against loss through
fraudulent or
felonious alterations



The Bankers Supply Company
The Largest Manufacturers of Bank Checks in the World

NEW YORK
ATLANTA

CHICAGO
DES MOINES

DENVER
SAN FRANCISCO

and the populous areas of New York State, New England and the central Atlantic states.

There is much interest being taken in the use of oil.

There is a general increase in the use of coke for domestic fuel.

Certain cities have very effective systems of gathering information and distributing their coal, while others have nothing.

One of the first steps taken by the Chamber in its campaign was to call on industries throughout the country to cooperate by confining purchases of coal to current needs as far as possible.

"The replies received," said the Chamber's statement, "show an accord with this request. Many large users of coal have issued instructions to their buyers to limit purchases to reasonable requirements, and trade associations as well as commercial organizations have taken special steps to inform their individual members of the Chamber's recommendations."

With regard to supplies of coal now in the hands of users, the Chamber says:

A fair approximation of supplies of bituminous coal in the hands of public utilities and general industries would appear to be about forty-five days. This supply, while less than normally carried, appears adequate for current needs. It should be borne in mind, however, that this is an average figure, of small plants and large plants, and covers stocks varying from a few days to two or three months and in some instances even longer.

The Chamber has the following to say as to the amount of stocks in the hands of the retailers and regarding household supplies:

The survey shows there are practically no stocks in the hands of the retail dealers. Reports indicate that while in most localities coal is being delivered to the householder as rapidly as received, in some localities the householder is not taking advantage of the opportunity to secure a sufficient quantity of available coal to protect himself against an emergency which would result from an early winter, with a demand for coal in excess of transportation facilities. This relates especially to bituminous coal for household use, as the anthracite is being taken as rapidly as it can be delivered.

The Chamber Aids Fire Prevention

THE CHAMBER OF COMMERCE of the United States took a leading part in stimulating the interest of the public in the observance of Fire Prevention Week, October 2 to 9. At the request of a number of national organizations the Chamber undertook to coordinate activities in connection with the movement to reduce fire losses. The Insurance Department of the Chamber sent out to local commercial bodies a program of activities for Fire Prevention Week. This program was carried out in many cities with the result that, as probably never before, the public mind and conscience was aroused to the duty of lessening the frequency of preventable fires.

The National Chamber called upon the President of the United States and the governors of the different states to issue fire prevention proclamations. This request was cordially acceded to by President Harding and the majority of governors.

A "Sample" Fair for Wine

CONSUL E. C. KEMP, of Budapest, writes that "on August 19 an exposition of Wine Culture in Hungary was opened in the Palace of Industry in the City Park of Budapest. About 1,000 varieties of wine were exhibited."



How a Trust Company Safeguards Estates and Trusts

THE care of an estate or trust is essentially a service of protection. The safeguards with which the modern trust company surrounds the administration of estates and trusts include:

RESPONSIBILITY: The trust company is financially responsible.

EXPERIENCE: Every step by the trust company is taken in the light of long experience in trust matters.

SYSTEM: Accurate accounting is the backbone of estate administration. A trust company keeps estate records with the same accuracy that it accords to banking operations.

CONTINUED EXISTENCE: The individual named as executor may die. A corporation has unlimited existence, and is always ready and competent to act.

JUDGMENT: The directors and officers of a trust company, through the general transaction of their business, are exceptionally equipped to invest funds and handle business matters.

SUPERVISION: Trust companies are under the supervision of State Banking Departments and subject to rigid laws governing their operation.

By appointing a trust company as your executor and trustee every safeguard provided by that highly developed organization will be utilized in the protection of your estate.



Ask a Trust Company

for a copy of the booklet, "Safeguarding Your Family's Future," which fully explains the advantages of trust company administration of estates and trusts, and outlines steps which you can take to protect those who will inherit your estate.

TRUST COMPANY DIVISION
AMERICAN BANKERS ASSOCIATION
FIVE NASSAU STREET, NEW YORK



Linking the United States with Europe

ECONOMICALLY, the world today knows no political boundaries. No state is self-sufficient; each is dependent upon the commerce, industry and finance of the others.

It is The Equitable's privilege to have been one of the first American banks to provide adequate facilities for assisting American business men engaged in overseas trade and for aiding European firms in selling their commodities in America.

Today our offices in London and Paris are complete banking units, familiar with conditions and markets in both hemispheres and equipped to render every international banking service.

For particulars concerning *Equitable Service*, address any of our offices.

**THE EQUITABLE
TRUST COMPANY
OF NEW YORK
37 WALL STREET**

Madison Ave. at 45th St.

LONDON
3 King William St., E.C.4

MEXICO CITY
48 Calle de Capuchinas

222 Broadway

PARIS
23 Rue de la Paix

In Good Times Get Ready for Bad!

By F. C. RAND

"The volume of business and of production grows from year to year, not steadily, but in a series of spurts, each of which is followed by a check or decline. These alternations of activity and depression constitute what is known as the business cycle. * * *

"As with typhoid fever, so with business depression, the only real cure lies in prevention."

M. C. RORTY

But how prevent? That's one question for which we have been seeking an answer, and we asked F. C. Rand, president of the International Shoe Company, this question:

"What are you doing now to keep your business on an even keel in the face of the inevitable slump which is sure to come after a period of prosperity?"

Here's his answer.

THE EDITOR

THE REQUEST of THE NATION'S BUSINESS that I tell its readers what the International Shoe Company has done and is doing to escape the inevitable decline following a period of prosperity is so far-reaching that I attempt to reply with some misgivings.

Necessarily my statements must be based on the experience of the International Shoe Company through the depressed period from June, 1920, to date. If you are to get any real information from my statement, generalities must be avoided and the individual conduct of our business must furnish the data.

This will necessitate a possible repetition of the pronoun "we" to a point where I may be placed in the position of a late Texas senator who was making a heated campaign for reelection.

In one of his campaign speeches made in the open, at a country picnic, before a large audience, a negro approached the outskirts of the crowd and said to one of his colored friends, "Alec, who is that feller doin' all that talkin'?" to which Alec answered, "I doan know zactly what his name is, but he sho do recommend hisself highly."

At any rate, we have successfully met the hard conditions of the past few years in a way which has been gratifying to our company, profitable to our customers and stockholders as well as to the company's twenty-odd thousand employees who have had uninterrupted employment at good wages.

In 1916 the markets of the world began to advance because of the great demands of war. These advances in practically all commodities were naturally expected to continue while the war lasted. Hides, leather and leather products had reached on Armistice Day extremely high levels, and the shoe industry, for some reason unknown to me, was the subject of censure and unfavorable criticisms by many writers and speakers because of the high prices prevailing. Similar conditions and more extreme prices were reached

in other industries, such as silks, cottons, wools, etc.; but none of these seemed to offer the definite unit of comparison or provoke the attack which the high price of footwear suggested.

The war was over—at least the fighting had ceased—and we were confident that the chief cause of abnormally high prices having been removed, declines must come sooner or later and that we should be constantly prepared for that inevitable condition. This conviction permeated the minds and hearts of the whole directing force of the International Shoe Company, and we then determined that we would reduce our stocks—buy only what we needed and that only when we needed it, this policy to be supplemented by an aggressive sales campaign in anticipation of lower prices.

No one could predict with any degree of accuracy when a change would come or what would be the economic turn of affairs following a war such as the world had never previously experienced; but our plan had at least the virtue of being based on sound principles. We know that if we could, in buying materials, avoid speculation, which has no proper place in business, if we could regulate our stocks with the demand for shoes, if our factories could run full and continuously, we could then sell our output on a favorable competitive basis.

Buying to Meet Our Needs

HERE is where our aggressive sales policy became effective in 1919. The year 1919 began with comparatively high prices, but, instead of a decline in the prices of raw materials, prices of materials and the cost of labor began to advance rapidly. But we adhered to our plan of buying to meet our needs, and, as we exhausted our first supplies of materials, we advanced the prices of our shoes based on our next purchases of materials and continued to sell on a close margin of profit based on the higher market. These price changes and market fluctuations came with such sickening regularity that it was difficult to establish any fixed standard of value from month to month. Reports came to us of other shoe manufacturers who had speculated in leather and had, during the short interval of a few months, enjoyed an increase in price of 50 to 100 per cent; but we stuck to our policy: "Buy what we need when we need it—sell—and keep our factories running."

In the spring of 1919 sales had been made for fall delivery. When the date to deliver arrived, and it necessarily did arrive, the cost of production was from \$1 to \$3 per pair greater than the prices at which many of these orders had been booked in the spring. This, then, was the time when the integrity of every company was put to the test. Some would not stand, others could not, and some measured up to their full responsibility, won the confidence of their customers and merited a continuation of their sympathetic patronage.

In September, 1919, our factories lost on that month's operation well over \$1,000,000 in filling orders taken in the spring at lower prices, but there was some compensation in the thought that the issue had been met squarely. At the same time the year 1919 as a whole was productive of satisfactory earnings, because the company had faithfully followed policies which in its judgment were fundamentally sound.

The fall of 1919 and spring of 1920 saw the peak of high prices—inordinate, almost criminally high prices. We wrote to all of our customers that the market was, in our



The Open-Window Route

ENJOY the wonders of the Golden Southwest by choosing the "Open-Window Route" to California. A journey filled with the irresistible beauty and romance of Louisiana, Texas, Arizona. You will revel in its marvelous scenery and balmy climate, as well as in the luxurious comfort of the famous

SUNSET LIMITED

New Orleans	San Antonio	El Paso
Tucson	Los Angeles	San Francisco

Operated daily over a mild, sunny route all the way. Observation Car, Through Dining Car and other comforts of modern travel. Daily Through Tourist Sleeping Car Service between Washington, D. C. and San Francisco. Convenient service for the 120-mile detour by automobile over the entire length of the APACHE TRAIL Highway between Globe and Phoenix, passing ancient Cliff Dwellings, famous Copper Camps, magnificent gorges and the gigantic Roosevelt Dam.

Connecting at Yuma with the San Diego and Arizona Ry.
for San Diego through the Carrizo Gorge

For Information and Literature address

SOUTHERN PACIFIC LINES

New York 165 Broadway	New Orleans Pan-American Bank Bldg.	Houston Southern Pacific Bldg.
Tucson Score Bldg.	San Francisco Southern Pacific Bldg.	



Who are the Tax-Dodgers?

DAVID H. BLAIR, Commissioner of Internal Revenue, who knows the answer better than any other man in the United States, gives it in

**The NATION'S BUSINESS
FOR DECEMBER**

DAHLSTROM

SAFETY—SATISFACTION

A firesafe, sanitary and lasting construction, with a low cost of upkeep, is assured when Dahlstrom Hollow Metal Doors and Trim are installed in an otherwise fireproof building.

A building is no more fireproof than its doors.



Standard Oil Building
Baltimore, Md.
Clyde N. Friz, Archt.

DAHLSTROM METALLIC DOOR CO.
481 Buffalo Street
Jamestown, N. Y.

NEW YORK
25 Broadway

DETROIT
1331 Dime Bank Building

CHICAGO
19 So. LaSalle St.

Representatives in All Principal Cities

ALLIGATOR STEEL BELT LACING

Belt Men know

Belt men know—and their recommendation of Alligator Steel Belt Lacing is eloquent testimony.

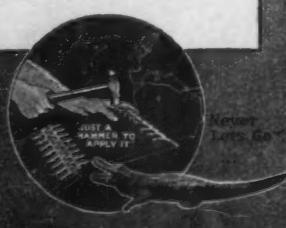
Alligator blends its performance into the belt and users often find in it length of service equal to the belt itself.

Standardize on Alligator in your plant. Sold through "Jobber-Dealer" trade channels the world over.

Our interesting text book and faced samples on request

Flexible Steel Lacing Co.
4626 Lexington St., Chicago

In England at 135 Finsbury Pavement, London, E. C., 2



Omaha

"The Nation's Fourth Railroad Center"

DOMINATES THE RICHEST FARM REGION IN AMERICA

Products of farms this year exceed the 1921 crops by about \$1,250,000,000, according to government reports.

The farmer is again in the market to buy what he needs and wants.

Omaha distributes to the richest farm region in America—a territory of 3,500,000 people with average bank deposits of \$1,460 per family.

It will pay you to consider Omaha

Write for Sales Analysis 75

Chamber of Commerce
Omaha



judgment, too high—that they ought to avoid speculation in merchandise and should buy carefully only those shoes which they had to have. This did not have much effect. Orders came in in large volume—merchants had seen values rise until there was a thoughtless conclusion that declines could never come. It seemed that the buying public had forgot that the law of gravitation was in operation in 1919 and 1920 and that it holds good in commerce as in physics.

In March, 1920, our salesmen were sent out with samples to sell for delivery between June 1 and July 31. The volume of orders taken kept our factories full, and we had quickly sold all shoes which we could produce from April 1 to August 1. We then moved up our shipping date for delivery from August 1 to August 31. After this period had been filled with orders, shipping dates were again advanced from September 1 to September 30. The orders for shoes to be shipped during these periods, i. e., from June 1 to September 30, were secured by our salesmen during the months of March, April and May at the fixed and stipulated prices determined by our cost estimates of March 1.

No Guaranteed Price

WE carefully avoided the unsound policy of "guaranteeing prices." Our salesmen were instructed to explain to our customers that no conditional orders would be accepted and that our stipulated prices were based on the market at the time cost estimates were made—that our prices were fixed. We explained to our 500 salesmen that "guaranteeing prices" was only an insurance policy and that if we had to enter the insurance field we would do so openly, changing our shoe company's name to that of an insurance company, so that we could charge a premium for our guarantee of prices and let the premium show clearly in the face of each shoe order.

No fall orders were to be shipped prior to June 1, 1920, on which date we had in our files orders for the accumulated sales of March, April and May. During May the leather market began to decline, and strong evidences of weakness were apparent.

An inventory of our future (fall) orders showed that we were due our customers \$52,000,000 worth of shoes sold to them at unconditional, stipulated prices based on our cost of March 1. New estimates of cost made May 20 to 25 further showed that we could manufacture on June 1 our product at prices considerably less than the lowest estimated costs of March. These were the facts; what course, then, should the International Shoe Company follow in filling its large volume of orders? That was the vital question on which possibly rested the future of our company and the confidence of our customers. We were in a position where we could produce and deliver shoes at a fair profit but below the stipulated prices at which they were sold. In these circumstances, we felt that our customers should get from our company the best treatment which our favorable conditions would permit.

While we had particularly avoided guaranteeing prices, we still had the privilege of making any voluntary reduction which the market then warranted. The following plan was adopted in filling our fall orders aggregating \$52,000,000 sold at March 1 prices.

The market was declining and we could not ship all orders promptly. It seemed advisable, therefore, to reduce prices on all orders in hand and to make first shipments of not more than 40 per cent on prime orders. In this way each customer would get some

November, 1922

THE NATION'S BUSINESS

65

shoes with which to meet the fall retail demands. It was our opinion, too, that further declines in the market might take place, enabling us at a later date to further reduce prices to the market at a later date and apply such reductions to the second partial shipment on original orders. The downward course of prices continued. On September 1 we could produce shoes cheaper than on June 1, and our prices were reduced to the market of September 1, with the new prices applying to all unfilled orders on hand at that time. With new and lower prices in effect original orders on which about 40 per cent had been shipped in June, July and August were again placed in stock with the intention of shipping the second 40 per cent at the reduced prices. Market conditions continued weak through September and October. We still owed our customers on November 1 about 20 per cent of their original purchases. At this time the third reduction in price was made and the remaining unfilled parts of our orders were shipped at these latest prices.

The following table may clarify the operations which I have tried to outline:

March 15, 1920. Sold John Smith & Company 200 dozen shoes for delivery after June 1. Average price \$5 per pair (fixed unconditionally).

Shipment was made on the following dates and at the following prices:

June 10 shipped 80 doz. @ \$4.25 per pair average.
Sept. 15 shipped 80 doz. @ \$4.00 per pair average.
Nov. 7 shipped 40 doz. @ \$3.75 per pair average.

And They Weren't Satisfied

WHEN it is considered that the above price reductions were wholly voluntary, one might feel that our actions would have met with universal approval from our merchants, but such was not the case. One of our good customers in a southern state said nothing when he received invoice for shipment of June 10, but when the invoice of September 15 arrived I received from him the following letter:

Your invoice for second shipment on my order placed with your salesman March 15 is here—that certainly was an icy package you handed me on June 10.

It became necessary for us to explain to this gentleman just how his orders with us had been handled, both on the advancing as well as declining markets, and he was finally convinced that he had not been treated inconsiderately.

Possibly two or three thousand letters of this character came to us in the fall of 1920; but while these letters seemed many if piled on one desk, in reality they represented only 3 or 4 per cent of our total number of customers; the other 96 or 97 per cent seemed to be satisfied that we were doing our best under rather trying conditions.

Painstaking care and consideration were given to their point of view and to our answers. We believed that our plan would in the end inure to their interest and that we had a genuine message of sound business to convey to them. The result has more than justified the time and effort we spent in fully and frankly stating the situation and our motives to these customers.

The fall in leather and shoe prices was accompanied by similar declines in many other commodities. Buying in many industries was greatly reduced, and the products of the farm hardly paid for the high cost of production during that year.

All this made it difficult for merchants to

Turkey and "Fixins" and then—Yum Yum!— WARD'S PARADISE FRUIT CAKE The Cake of the Gods

*The best part
of the Feast*

Nothing will give your Thanksgiving Dinner the same old-fashioned spirit as Ward's Paradise Fruit Cake. Never before was there a cake just like it nor one-half so good. Taste it once and you will never again be satisfied with any ordinary fruit cake.

THE pineapples, raisins, imported cherries and other fruits, the choice nuts, butter, eggs, milk, sugar and flour that enter into its making are the finest money can buy, all blended and baked, by "the world's greatest bakers," into a masterpiece of cake-making. Made the Ward Way as only Ward knows how.

If there is any left after Thanksgiving you can save it until Christmas for it will keep fresh and delicious for months! But it isn't likely there will be any left—it's much too good for that!

So you'd better order one now for your Christmas Dinner, too. We'll deliver it to you a few days before Christmas. An ideal Christmas gift for any man or woman, and especially appropriate for an entire family

where it is impracticable to send individual gifts to each member. Send us your gift list, we'll do the rest.

Wrapped in glassine paper and packed in a beautifully decorated metal gift-box lined with lace paper and an embossed doily. Send one to the boys or girls at school, or other absent members of the family. Price east of Mississippi River \$5.00 post-paid. Elsewhere in the United States and in Canada, \$1.00 additional. Order from your dealer. If he cannot supply you, cake will be sent parcel post or express prepaid, on receipt of check, post office money order or express money order. Send orders to our New York office or, if more convenient, to our nearest bakery, as listed below.

Over One Hundred Thousand Sold Last Holiday Season

Address Department N
WARD BAKING COMPANY

NEW YORK
BROOKLYN

CHICAGO
CLEVELAND

BOSTON
PROVIDENCE

PITTSBURGH
NEWARK

BALTIMORE
COLUMBUS

SPECIAL NOTE: To heads of manufactures, banks, stores, etc., who make it a practice to remember employees at Christmas with gifts, we suggest their trial of Paradise Fruit Cake as a present to men and women employees. We predict it will make a hit and prove a gift success. Successfully tried by many institutions last Christmas.



IN every great mass audience offered advertisers there is a small group of particularly important men. They are the successful business leaders of the country.

Even in a campaign requiring the great sweep of the mass publications, you may wish to consider buying an extra showing before the leading business men of the country because of their importance:

1. As purchasers for corporations.
2. As purchasers for themselves.
3. As builders of sound public opinion.
4. As community leaders.
5. In finance.

The NATION'S BUSINESS reaches them with bull's eye directness.

Our advertising rate is about half the average class rate.



Dividend checks from the American Telephone and Telegraph Company are received quarterly by more than 200,000 telephone users.

Owned by those it serves

Less than fifty years ago an application was made for a patent which created the possibility of speech between distant points. It was the culmination of years of study, research and experiment. It suggested a new aid in commerce and domestic life; a new tie to bind the people together. But it was only a suggestion—a dream.

To make that dream come true required the creation of an organization unlike any other. It demanded a kind of scientific knowledge that was yet to be formulated, as well as a type of equipment still to be devised. And it necessitated the financial and moral support of many communities.

Out of this situation grew the Bell System, bringing not only a new public service, but a new democracy of public service ownership—a democracy that now has more than 200,000 stockholders—a partnership of the rank and file who use telephone service and the rank and file employed in that service. The American Telephone and Telegraph Company exists to serve the people and is owned directly by the people—controlled not by one, but controlled by all.

Evolution is going on. Each year the ownership is more widespread. Each year the various processes of the service are performed more efficiently and economically. Each year new lines and extensions are constructed. The responsibility of the management is to provide the best possible telephone service at the lowest possible cost and to provide new facilities with the growth of demand. To do these things requires equipment, men and money.

The rates must furnish a net return sufficient to induce you to become a stockholder, or to retain your stock if you already are one; after paying wages sufficient to attract and retain capable men and women in the service. They must adequately support and extend the structure of communication.

These are considerations for the interest of all—public, stockholders, employees.

"BELL SYSTEM"

AMERICAN TELEPHONE AND TELEGRAPH COMPANY
AND ASSOCIATED COMPANIES

One Policy, One System, Universal Service, and all directed toward Better Service



meet promptly their fall obligations. These conditions presented another problem—the collection of fall accounts maturing October 1, 1920.

With our merchandise greatly reduced in quantity and price, we were able to work sympathetically and helpfully with those merchants who showed a disposition to cooperate with regular partial payments, where full payments could not be made.

"Times were hard" during October, 1920; money was not easy to get, and we felt that if many of our customers could not pay us all they owed at maturity, all could and would pay *some*.

One of our customers, who lived in a small town in Arkansas, owed us approximately \$1,000 due October 1. Although we had faithfully kept him advised during October of this past due obligation, we had no remittance or letter from him. His silence continued until about November 10, when we wrote him: "You have given us no advice regarding your account which matured October 1, although we have several times called it to your attention. Upon receipt of this letter please wire us what we shall do regarding it—and what you will do." The following telegram came in reply: "Walk the floor. That's what I'm doing." He was good for what he owed but a little slow. Solace must have come to him from floor-walking, for his account was soon settled in full and he continues to buy our shoes.

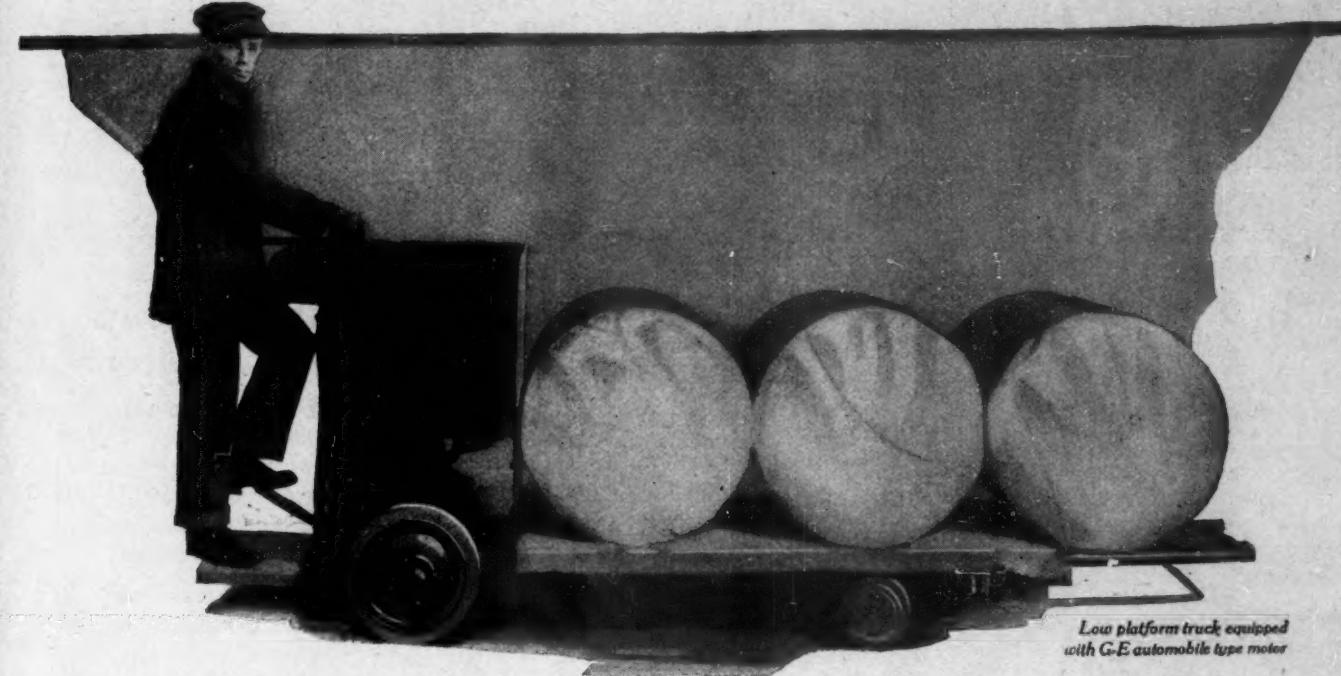
In many instances 1921 was the year of painful reckoning for the mistakes of 1920. Our company, however, was in a healthy condition; we had led the way in reducing prices and favorable attention was directed to our shoes by merchants throughout the whole country. We made a systematic study to keep down overhead costs, and because our small stocks of merchandise had been quickly liquidated we were able to sell the largely increased output of our factories at prices below prevailing competitive prices, at the same time leaving a small and fair margin of profit.

To Make the Fire Hose Interchangeable

FOLLOWING the great Boston fire of half a century ago, a movement was inaugurated to bring about a standardization of threads for fire hose couplings and fittings, the object being to place municipalities on a basis to render effective aid to their neighboring cities in time of emergency. After years of discouragement, the sponsors now find that their hard work is bearing fruit. E. W. McCullough, Manager of the Fabricated Production Department, Chamber of Commerce of the United States, who has just completed a survey of the situation, feels that the day is not far distant when this multiplicity of styles in threads and dimensions will be a thing of the past.

Need for such standardization is recognized on every hand. Procrastination has been the principal obstacle in the way of the various sponsoring bodies in their half century of effort. Those responsible for the continuation of the manufacture and installation of the non-standard types of fire hose couplings and fittings have been long on promises and short on performances. The persistency of those who have advocated the reform is, Mr. McCullough says, most commendable and he has been endeavoring to hold on to this persistency as an example to a number of the industries which have hesi-

A large percentage of American industries are not yet equipped with machines which save others 10 to 80 per cent on material handling costs



*Low platform truck equipped
with G-E automobile type motor*

Opportunities on Wheels



*G-E motor-equipped elevating platform truck
picking up loaded skid platform*



*G-E motor-equipped tractor hauling heavily
loaded trailers*

REAL economies are brought to factory and warehouse where electric trucks and tractors are operated. These little machines in industries of this country to-day are helping to clear the where-to-reduce-expense tangle.

Fifty tractors each with twelve trailers handle 2,500 tons a day in a Chicago plant covering thirty-nine acres. Each train paid for itself in one year by its economies.

Tractors and trucks in a variety of types equipped with G-E driving, elevating and control equipment have proved satisfactory wherever used. They offer every industry expense-reducing opportunities.

Prominent manufacturers of trucks and tractors use G-E motors and control and co-operate with the material handling specialists of the General Electric Company in designing and building the most improved machines.

General Electric Company

General Office
Schenectady, NY

Sales Offices in
all large cities 43B-576

TURNOVER

A Merchant's friend or foe

The chief thought now is turnover. Turnover has broken the plaster casts of Inventory and is walking again.

Turnover is price. Turnover is service. Turnover is courtesy. **25¢** Green Stamps, too, are price, representing a discount. Customers appreciate the service and courtesy rendered when you give them a discount.

The woman buyer who receives **25¢** Green Stamps at a certain store is going to buy in that store again. She becomes a permanent customer—a permanent cash customer, and permanent customers help turnover.

The endorsement given **25¢** Green Stamps by word of mouth advertising is constantly making customers for those merchants who pay this discount.

Turnover can be either friend or foe. **25¢** Green Stamps make it a friend of thousands of merchants throughout the United States.

THE SPERRY & HUTCHINSON CO.
114 FIFTH AVENUE NEW YORK

tated to start simplification and standardization movements because of the work and time involved.

Through the efforts of the Committee on Hose Couplings and Hydrant Fittings of the National Fire Protection Association, appointed in 1905, the thread known as the National Standard was adopted by all the leading organizations concerned with water supplies, fire departments and fire protection. State-wide standardization of fire hose threads is now under effective headway in twelve of the forty-eight States; namely: Indiana, Iowa, Michigan, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Rhode Island, South Dakota, Tennessee and Wisconsin. Within the last two years, more than 300 protected cities and towns have been completely standardized.

Work For the Common Good

AS a result of the efforts of the National Fire Protection Association, the National Standard has been approved by the leading engineering societies and water works and fire chiefs' associations, the United States Bureau of Standards, the National Screw Thread Commission and other organizations interested in fire prevention and protection. After the National Fire Protection Association's campaign for complete standardization was well under way, the work was taken over five years ago by mutual agreement by the Committee on Fire Prevention and Engineering Standards of the National Board of Fire Underwriters.

The World War intervened, and it was not until early in 1919 that this Committee was able to make much progress. One of the steps forward was the perfection of a complete set of tools for the standardizing of the great majority of the existing hose threads now in use in many of the large cities. The use of these tools has, of course, greatly reduced the expense of converting the hose threads in the cities where the National Standard Threads were adopted.

The American Society of Mechanical Engineers and the American Engineering Standards Association have rendered valuable co-operation in arranging for a recent conference with a view of general adoption of standard thread tolerances, allowances and methods of gauging, preparatory to the launching of a general educational campaign for the purpose of enrolling manufacturers of hose equipment, municipal authorities and other public and private interests with the active promulgation of this standardization movement. This organization has accomplished much in demonstrating the fact that lack of uniformity in fire hose threads has been a large factor in contributing to the nation's enormous fire losses.

Confusion, due to misfits, experienced in the great Boston fire of 1872, and the conflagrations in Baltimore in 1904 and in 1916, and at many other fires of regular and altogether too frequent occurrence, have clearly demonstrated the need for uniformity. Valuable outside aid proved of little or no avail in the Boston fire or at Baltimore and at a number of other disastrous, though smaller, fires. In each case the non-interchangeable threads contributed to the appalling losses that were sustained.

Full information as to detailed dimensions and specifications for National Standard Threads adopted for all sizes of hose couplings will be provided on request by the National Board of Fire Underwriters, Committee on Fire Prevention and Engineering Standards, 76 William street, New York.

Another
Hockenbury
Success!



The New Hotel,
Ocean City, N.J.

A Hotel a Month For 17 Months

Seventeen community-built hotels in 17 months is the unusual accomplishment of this unique organization of hotel financialists.

These hotels vary in size from 50 to 600 rooms, in communities of from 4,000 to 350,000. They cost from \$100,000 to \$3,800,000, amounting in the aggregate in excess of \$10,000,000.

We are proud of this 17-month accomplishment for it has proved that no community is too small and none too large for the successful operation of the Hockenbury plan of hotel finance.

At the moment this advertisement appears we have in progress three additional hotel projects, all of which will be equally successful!

If your city needs a new hotel, your city can have it! The Hockenbury plan of hotel finance will provide the money.

The Hockenbury System Inc.
Penn-Harris Trust Bldg., Harrisburg, Penna.

November, 1922

THE NATION'S BUSINESS

69

Avoiding Death and Taxes in China

By F. R. ELDRIDGE, JR.

Chief of the Far Eastern Division, Bureau of Foreign and Domestic Commerce

TO THE next fellow who growls about paying his corporation income tax, you can use the perfectly mild and proper exclamation, "Go to China!" If he does, he can form a China Trade Corporation under the new "China Trade Act, 1922" (H. R. 4810), just approved by President Harding, and become the proud owner of a Chinese dried egg factory or cement plant. So long as the corporation income is "derived from sources wholly within China," the law says he need not worry about any Treasury assistants checking up on his "charitable contribution."

It's a rather interesting story of how a government which is economizing in every way and utilizing every source of revenue can afford to do this for an American merchant in China, but it proves that competition is the life (and sometimes the death) of trade. Our China trade was languishing because our merchants could not compete on a basis of equality with British, Japanese and French merchants in China, whose governments had for many years devised means of exempting them from income tax on their China business.

There were only a limited number of ways that one could do business in China as an American under extra-territorial status. One was to register as a partnership. Another was to register under a temporary decision of the United States Court for China as an Alaskan corporation. But then your status was uncertain. Another was to register at the American Legation or the American Court at Shanghai as a corporation of one of our states. This meant state and federal taxation at home in competition with non-taxed British, Japanese and French corporations in China. Many firms tried this but couldn't "stand the gaff."

And so a great many new American firms who went to China soon after the armistice had to close up shop and come home after six months or a year of futile effort to compete. It certainly looked as if many of them could avoid neither death nor taxes!

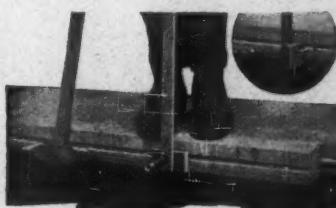
A distinctive thing about business in China is the large amount of capital required to insure any kind of success. This is due primarily to the fact that China is on a silver exchange basis which is subject to violent fluctuations and every transaction involves a double transaction in silver as well as the commodity. Large amounts of silver must be purchased ahead as soon as any order is placed abroad so as to assure the merchant that between the time his order is placed with the American manufacturer on a fixed basis of exchange with gold, and the time the delivery is made in China, the silver with which he must then purchase gold to pay for the goods has not fallen in value.

The Need of More Capital

OF COURSE, it might rise in value and then he would stand to win, but that is speculation and no good merchant likes to speculate. So as soon as he places an order in America, he goes to a bank and purchases silver, say four months ahead. The bank, which makes this purchase for him, is also probably selling silver and buying gold for some exporter who doesn't want his silver



A heavy service Flooring of lasting Smoothness



In the above illustration, Bloxonend is being laid over pitch cushion directly on concrete slab by our lateral nailing method. This method eliminates embedded sleepers, nail strips or wood subfloor.

WITH the end grain of the selected Southern pine blocks presented to wear, Bloxonend flooring is practically everlasting and because of its composite form and the joining of each perfectly "milled" section with splines and nails as laid, it forms a surface that remains smooth always.

While Bloxonend is not cheap in first cost, its long run cost is less than any flooring manufactured. It is being used by the leaders of practically every industry and is rapidly laid over old or new concrete or wood floors without interrupting operations.

Have your Secretary write nearest office for a copy of Booklet M which contains detailed information.

Carter Bloxonend Flooring Co.

R. A. Long Bldg., Kansas City, Mo.

Chicago: 332 South Michigan Ave. Cleveland: 1900 Euclid Ave.
New York: 501 Fifth Ave. Boston: 312 Broad Exchange

BLOXONEND

Lays Smooth—Stays Smooth

Are We Exporting Bad Manners?

P. W. Wilson, author and ex-member of Parliament, discusses in the

December Nation's Business The American Movie

An industry in which we lead the world and the effect on our foreign customers of some of its manifestations



Black Streets are Back Streets

Let no merchant whose shop faces on a poorly lighted street persuade himself that this is a small matter, even if he does close his doors at nightfall! People learn to avoid his street at night, and they unconsciously obey the same instinct in daylight.

Let no citizen whose community still does without modern street lighting believe that such denial is in the interests of true civic economy; for the well-lighted towns are the well-liked towns; and the real gains in values and business that follow the installation of modern street-lighting equipment offset its very low cost many times over.

And what about the benefits that modern street-lighting brings to *all* the people in a community?

It means safety for women and children who must traverse the streets alone after nightfall; the prevention of many painful

and costly and even serious accidents; the enhancement of property values and the betterment of living conditions.

Does the highwayman select a well-lighted street for his operations? There is more for the overworked policeman to do in one poorly lighted block than in four that are properly illuminated.

Citizens who foster a movement for modern street-lighting nearly always find a lot of favorable opinion ready to crystallize at the first suggestion. Usually, too, they encounter objectors. But the facts themselves are impressive enough to meet every honest objection.

And the facts are available to anyone who wants them. They will be supplied fully and promptly to any good citizen who will address the Illuminating Engineering Bureau of the Westinghouse Companies at any Westinghouse office.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities *Representatives Everywhere*



Westinghouse

© W. E. & M. Co. 1922

to rise so high that he won't be able to get his gold with it at the rate at which he has just sold his product four months hence when his draft is accepted on delivery in America. These transactions involve a good deal of capital and add considerably to the amount of capital which the American merchant, who does business in China must have. The new law, while exempting the corporation for dividends actually distributed to persons resident in China, does not exempt the American, even resident in China, on his personal income. To get the corporation exemption, however, they must be paid to the resident stockholder in China as a special dividend, and cannot accumulate in the company's treasury. Senator A. B. Cummins made the best statement of how these exemption features worked, on the floor of the Senate when the conference report was under consideration. He said:

1. The corporation gets no exemption in respect to its income not derived from sources within China.

2. Even as to the income derived from sources within China the exemption is as to only a portion of it, namely, the same proportion which the stock of the corporation owned by citizens of the United States or China, resident in China, bears to the entire capital stock of the corporation.

3. Even this proportion is based on stock owned by individuals and not by other corporations or holding companies.

That was one of the subjects which created a great deal of discussion, and we did the best we could to see that this stock, if it passed into the hands of a holding company or an affiliated company, was then not entitled to the exemption which we have provided for.

4. The limited exemption thus granted is only allowed if the resulting saving in tax is distributed as a special dividend to those individual residents in China on the basis of whose stockholding the proportion of the net income from sources within China is computed.

That is, the corporation cannot accumulate this fund which would arise on account of the credit upon the net income. If it is to get the exemption, it must distribute that saving among the Chinese stockholders.

5. For the purpose of computing the exemption no person is considered a stockholder unless the equitable right to the income from the shares is in good faith vested in him, thus guarding against the possibility of defaulting the government by placing the stock in the hands of a trustee or a dummy holder.

6. The dividends received by the stockholder from the corporation, whether regular dividends or the special dividend, the amount of which limits the amount of the tax saved by the corporation (now, mark this) are subject to full surtax and normal tax, except in the case of stockholders who are citizens of China, resident in China, in whose case it should be remembered that there is no way of collecting a tax even if it should be imposed.

7. The corporation is not allowed to credit against its federal tax the amount of income, war profits, and excess-profits taxes paid to foreign countries, a privilege which is allowed by the revenue act to all other domestic corporations.

The law places the control of China trade corporations under Secretary Hoover's department and provides for strict supervision over their formation and operation, so that there will be no discredit brought upon this country in China by a company whose name ends in the legend "Federal Inc., U. S. A." prescribed by the act. Twenty-five per cent of the capital stock must be paid up in cash or property and securities whose value has been properly investigated and certified to by the Secretary of Commerce. The officers and majority of the directors must be American.



A Scrubber With Eight Hands!

No human hands, these to tire and shirk! No man or woman on hands and knees wields these brushes! Sheer muscle could not put 60 pounds pressure back of them. No human could send them whirling around at 125 revolutions per minute.

Best of all, there's no pail of dirty water to be slopped on the floor and then mopped off, but a constant shower of CLEAN water from the water tank above the scrubber—CLEAN water for every square inch!

Electricity does it! Electric scrubbing is here to stay. Send for booklet shown below—the history of electric scrubbing.

AMERICAN SCRUBBING EQUIPMENT CO.

General Offices and Factories

HANNIBAL, MO.

District Offices in Principal Cities



EDISON LAMP WORKS
Newark Plant
One of the several plants of this company where CLEAN FLOORS are maintained by the FINNELL STEM

"Clean Floors Reflect Clean Business" FINNELL SYSTEM OF ELECTRIC SCRUBBING

EXECUTIVE'S MEMO

American Scrubbing Equipment Co.
1235 N. Collier Street, Hannibal, Mo.

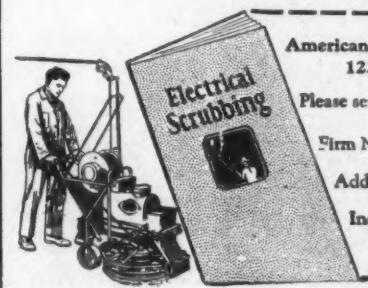
Please send brochure shown here to

Firm Name.....

Address.....

Individual's Name.....

Title.....



NOW

Not at the End of the Fiscal Year

Big business, operating on close margins, has found it unsafe to wait until the end of the fiscal year to take inventory, determine profit and loss, and complete the balance sheet.

Big business has proved, both for itself and smaller business, the absolute necessity of *knowing*, exactly, NOW, daily, or at least once a month, the extent of profits and progress.

The current trend of sales and production, used as an indication of what to expect at the end of the fiscal year, is, "generally speaking," "fairly accurate." But "generally speaking" is not accurate enough.

The only safe and constant basis for executive decisions is exact knowledge, facts and figures, accurately maintained. "NOW, not at the end of the fiscal year" means the prompt correction of mistakes, elimination of loss, insurance of profits.

Continuous and Sound Methods of Cost Accounting vitalize the Business Budget, making it a living, indispensable aid to business management—guiding, controlling, insuring.

ERNST & ERNST

AUDITS — SYSTEMS TAX SERVICE

NEW YORK	CHICAGO	CLEVELAND	INDIANAPOLIS	NEW ORLEANS
PHILADELPHIA	MINNEAPOLIS	BUFFALO	TOLEDO	DALLAS
BOSTON	ST. PAUL	PITTSBURGH	ATLANTA	FORT WORTH
PROVIDENCE	ST. LOUIS	DETROIT	RICHMOND	HOUSTON
WASHINGTON	KANSAS CITY	CINCINNATI	BALTIMORE	DENVER

BUSINESS STUDIES

A number of pamphlets are available for distribution by the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Our World Trade—January to March, 1922.
Free Zones—What They Are and How They Will Benefit American Trade.

International Credits—Referendum No. 1, issued by the International Chamber of Commerce on the application of the Ten-Million Plan.

Fabricated Production Department—Its service to those engaged in manufacturing and production.

The Railroad Situation—Statement of Secretary of Commerce before the Interstate Commerce Commission.

Trade Association Activities—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.

Overhead Expenses—A Treatise on How to Distribute Them in Good and Bad Times.

Depreciation—A Treatment on Depreciation and Production.

Reduction of Merchandising Expenses—Methods which Distributors Are Applying to Ease the Process of Readjustment.

Why a Merchant Marine—Reasons why privately owned merchant marine is a national necessity.

Merchant Marine, National Chamber's Position—Report of Chamber's Committee.

Commercial Arbitration—Statement of the field of arbitration and draft of plan.

Schools of Your City III—Health and Physical Education. German Competition—Movement of trade as indicated by official statistics.

Perpetual Inventory or Stores Control—How to keep investment in materials and supplies down to the minimum consistent with efficient operation.

Industrial Development—Activities undertaken by Chambers of Commerce.

National Obligations to Veterans—The costs of war borne by the States and the government.

Treaty Ratification—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.

Department of Commerce and Trade Associations.

Merchandise Turnover and Stock Control—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.

Analysis of the Senate Tariff Bill—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.

Uniform Cost Methods to Aid Production—Address by Arthur Lazarus.

Analysis of the Senate Bonus Bill—Outline of provisions with estimate of cost.

CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON

Germany Rolling in Money Has None

By BASIL MILES.

M R. MILES, who is the Administrative Commissioner for the United States, International Chamber of Commerce, sends this explanatory note of the sources on which he bases the accompanying article:

"This report is based on a three-weeks trip to Hamburg, Berlin, the Leipzig Fair, Munich, Stuttgart, Frankfurt, Coblenz and Göttingen. Information was sought solely from average business men representing local chambers of commerce. No politicians nor any representatives of high finance or big business were consulted. The report, therefore, is to be regarded as summarizing a limited cross-section of German opinion, analogous to that represented by the Chamber of Commerce of the United States, and is not to be regarded as extending beyond this limitation."

THE EDITOR

1. There is still much discussion as to the original causes of the present financial situation in Germany. Some regard this situation as the result of a deliberate policy of extravagance and currency inflation; others regard it as the result of the inexperience and inefficiency of the present government, which is so largely made up of men without previous experience in large affairs or in the responsibilities of government; others still regard the situation as a combination of the two, which they justify by asserting, on the one hand, that Hugo Stinnes has been credited with being an avowed advocate of the so-called "catastrophe" policy (that is, making Germany bankrupt in order to avoid further reparation payments), and on the other hand, by the fact that some of the members of the present government and the rank and file of the majority Socialist party in Germany are honestly trying to do their best.

The cause is not so important as the result—and the result is serious. It is with the result that the German business men are primarily concerned. Many fear that the social and economic forces set in motion by the last spectacular fall of the mark—which has been accompanied by an accelerated increase in the cost of living—cannot be controlled. Some of them fear what is called "National Bolshevism"—that is, a combination between the Communists and violent elements of the radical Socialists with the extreme Monarchs, including the large ex-officer class, who are inclined to adopt a policy of desperation. Failing this, it is feared that labor disturbances may become so frequent and widespread as to constitute a kind of civil war. These fears appear to be based on the fact that while the country is still rich, the government is not. Moreover, the population appears seriously demoralized in all directions, and there is no evidence of the former disciplined German state. The public morale is

bad. Even during the war the situation was never hopeless; when the armistice removed all hope, the government collapsed. So today there is little incentive of hope, and consequently business proceeds with decreasing energy. All agree that the shortage of coal, together with the high cost of food and clothing, promise a very serious test for the government this winter.

The so-called "flight from the mark" continues. People are spending extravagantly because they are not sure but that tomorrow they may only be able to get half as much for their money as today. Travel is ludicrously cheap and proportionately feverish and crowded. For example, a first-class ticket with private sleeping compartment from Coblenz to Berlin, a twelve-hour journey of something like 350 miles, costs less than one dollar gold. On the other hand, many business men complain of freights as being high. Everyone comments on the fact that the railways are run without that regard for order, punctuality and efficiency which characterized them before the war.

Money is passing into the hands of a new class. The process is extremely painful, as it means the temporary and possible complete submergence of an intelligent element of the population who derive their incomes from investments or fixed salaries. Two instances can be quoted to illustrate the extremes which can occur in this direction as the result of a depreciated currency:

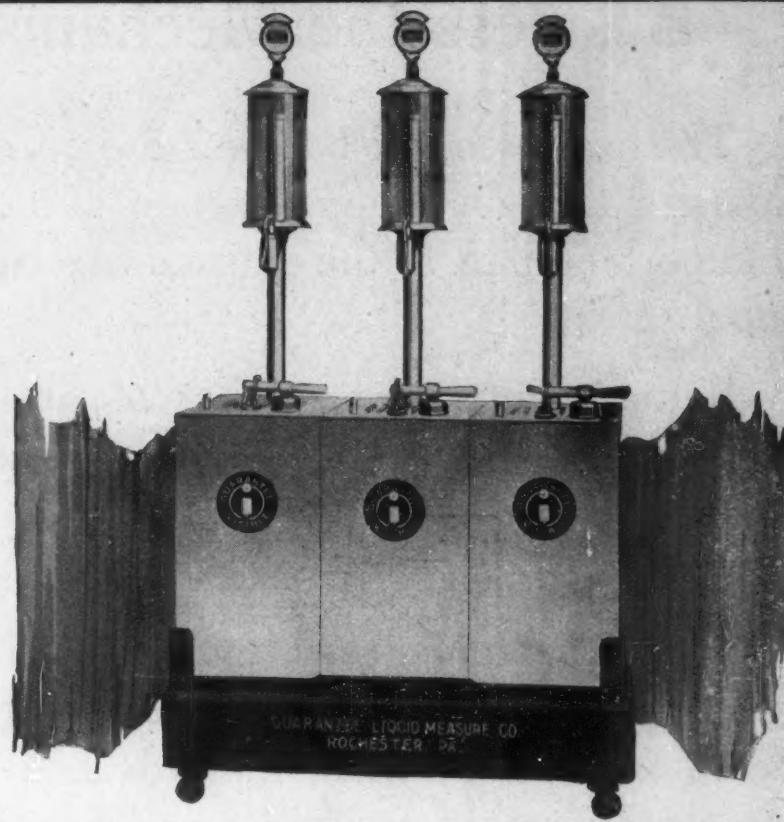
(a) Shortly after the armistice, a man had 60,000 marks to invest, which he put into a 6 per cent mortgage, yielding him 3,600 marks a year—at that time an important addition to his income. Today he is still receiving his 3,600 marks a year, which can now be estimated in value by considering that a good suit of clothes, a pair of field glasses or a camera costs about 30,000 or 40,000 marks.

(b) Not many months ago, when the mark was about 200 to the dollar, a man bought a farm for 2,000,000 marks, paying 1,000,000 in cash and taking a mortgage for the balance. In August, 1922, he sold three cows and paid off the mortgage.

2. The key-note of the existing situation, consequently, is uncertainty as to the future of the mark and of the settlement in regard to reparations. In this respect, the situation is dominated by the policy of the Allies, and especially that of France.

3. As to reparations: Many Germans put the aggregate payments already made at 40,000,000,000 gold marks instead of less than 7,000,000,000 gold marks, the figures obtainable from reports of the Reparation Commission. Regarding their own figures as correct, these Germans consider the performance of the country as remarkable and as conclusive evidence of their good faith. They are convinced that the resources of the country, especially under the regime of a new and inexperienced government, make further payments absolutely impracticable, and leading only to destruction unless a moratorium is obtained for at least a year. Many insist that the Versailles Treaty must be changed and that Germany's admission of war guilt must be expunged as a lie. Opinion is unanimous that French and other troops of occupation must be withdrawn as a *sine qua non*.

4. A curious feature of the present situation is the temporary currency shortage, which is stringent. On September 6, 1922, the Deutsche Bank refused to cash one of its own checks for 60,000 marks, and a pri-



Find Out First What Pressed Steel Will Do

EVEN though your machinery has always been produced with castings there is no reason to think they *must* contain cast parts. Many manufacturers are successfully designing new products with pressed steel parts right from the start.

An example is the tank truck of the Guarantee Liquid Measure Co., shown above. The original plan was to produce a truck assembled from structural shapes. But because of a very satisfactory previous experience in pressed steel redevelopment, the company's engineers decided to get the advice of our engineering department before they went ahead. We designed and produced this pressed steel truck which they are convinced has many advantages over the structural steel truck originally considered.

Our engineers are at your service in any problem of this kind. Perhaps they can help you in designing your new product in the most efficient and economical way by use of pressed steel. The advice they offer places you under no obligation. Why not take up your next design with us?

"Press it from Steel Instead"

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER			
AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WEIGHT BOXES LEVER LATCHES HARDOFF FOOTS CLAMP & CENTER SHEETS LAND ROLLER HEADS	SEATS RADIATOR SHELLS • CRANK CASES HOUSING COVERS • BRAKE DRUMS CLUTCH DISCS • STEP HANGERS HUB FLANGES	LIFT TRUCK PLATFORMS • TANK HEADS INDUSTRIAL CAR WHEELS • WHEEL DISCS HATCH CLEATS • BARREL HEADS COMPOUND BOXES	MACHINE GUARD & FACTORY PARTITION MATERIAL COLD ROLLED CHANNELS • ANGLES • RAILROAD & LIGHT YOUNGSTOWN • PINTOR CORNER HEAD • STANDARD MAHOMING ZEE & IDEAL METAL LATH

**THE YOUNGSTOWN
PRESSED STEEL CO.**

Main Office and Factories
WARREN, OHIO
District Offices
New York—50 East 42nd Street
Chicago—McCormick Building
Philadelphia—401 Finance Bldg.

Business—the Mechanism

The processes of business are so delicately balanced that derangement even of a relatively unimportant part of the mechanism causes disturbance.

Reforms in business must of necessity be directed by those who understand business as a whole.

There is much in business that is obsolete, much that is haphazard, much that is wrong. The opportunity for improvement is great and recurs at intervals with the advance of business enterprise.

But replacement and realignment of parts must be gradual and be accomplished in a way and at a time which will not affect the integrity of the whole.

There is no evil in business so dangerous as inexpert interference with the normal functioning of business.

The National Bank of Commerce in New York, serving the major industries and commercial institutions of this country and maintaining relations with the great banks of other nations, is deeply interested in the betterment of the processes of business.

National Bank of Commerce in New York

Capital and Surplus Fifty Million Dollars



vate bank took twenty-four hours to change a 10,000-mark note. It is an interesting commentary to note that both of these particular transactions could have been liquidated much more easily at hotel bars and restaurants. This currency shortage leads many to believe that fundamentally Germany is suffering from a currency crisis and not from any impending economic collapse. It is interesting to note a recent estimate: In 1913 the money in circulation was estimated at the equivalent of \$625,000,000, whereas the gold exchange value of the enormously increased money in circulation in the spring of 1922 was estimated to be the equivalent of only \$375,000,000. In considering this phase of the currency situation, the German business man looks towards Austria, where the prodigious paper circulation is estimated as purchasable *in toto* for \$13,000,000 gold.

As a further index that the present crisis in Germany is for the moment primarily one of currency, *The Economist*, the well-known London publication, printed an article in its September 2 issue giving figures, asserted to be accurate, which show that with the mark at 525 Germany imported three times more raw material than with the mark at 65. In other words, a depreciation in value of eight times failed to stop the purchase of necessary raw materials, in spite of the Cassandra-like prophecies of the German chancellor.

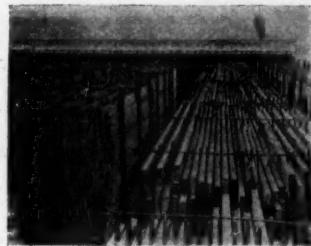
5. To sum up this cross-section of German business opinion: The difficulties of business are persistently increasing and, whichever way he turns his eyes, the German business man sees only threatening clouds. The government is regarded by this element of German business as weak and inefficient. The high cost of living mounts faster than readjustment to the falling mark. The conviction is growing that France will be satisfied with nothing less than the economic crippling of Germany. Owing to mark fluctuations and uncertainties as to the future, business has a large speculative element. The end of eighteen months' somewhat hysterical business boom would seem to be at hand, despite the fact that, as yet, only 19,000 unemployed are reported in all Germany. All agree as to the intensity of the rising hatred for France and her apparent determination to get both steak and milk from the same cow. This feeling is further aggravated by the armies of occupation, where the continued presence of numerous Moroccan troops is creating, notably among the rising generation, a passion of resentment and a determination for revenge which is ominous for the future.

6. Personal Observations.—The outstanding fact which impressed me personally was the general demoralization of the population. Germans to whom I mentioned this agreed with me. It was manifested in many directions. Railway travel is hectic and disorganized. Compared to pre-war days, the officials and porters were generally inexperienced, inefficient, and carelessly and shabbily dressed. Theaters, restaurants and cafes, especially those of the cheaper grade, were thronged. The night life, which used to be at least orderly, is now shabby and rowdy, and the 1.00 a. m. closing law, in Berlin at least, is evaded at will with the direct connivance of the police. American consular officers report persistent breaches of contract even among some of the older firms. The new class of profiteer and upstart agent is reported as wholly lacking the sound principles which used to characterize German business. The pressure of foreign exchange



A general view of the seasoning and storage facilities of the Snoqualmie Falls Lumber Company, one of the fifteen complete Weyerhaeuser manufacturing units.

LUMBER— *That Actually Meets the Requirements*



THE growing success of Weyerhaeuser lumber for industrial use is due largely to the thorough and exact seasoning process to which the lumber is subjected—not one process for the entire lumber output, but a distinct method of seasoning for each species, type and size of wood.

The Weyerhaeuser mills have kept pace with the progress made in practical wood seasoning by dry kilns. They have done extensive research work, adapted old processes and developed new ones. They have long realized that the science of wood seasoning properly applied is a saving to the purchaser. It gives a wood easy to work, with little wastage and with a prolonged life.

The illustration above shows loaded cars at the entrance to the kilns of the Snoqualmie Falls Lumber Company. Note the even stacking and the precaution to secure the load to prevent twisting and warping during processing. Stickers are inserted between courses of boards to allow even circulation and drying.

Each charge is tested in the kiln laboratory many times during the processing which foretells over drying and other faults. When the lumber leaves the kiln it meets with the high standards set by the Weyerhaeuser organization for all its products.

MANY concerns have for years been looking for an organization that could and would relieve them of their lumber buying worries; an organization that could look at lumber from their point of view.

That is just what the Weyerhaeuser organization is doing for a great many industrial concerns today. It is prepared to deliver to industrial buyers a dependable lumber service, which means far more than the routine of shipping an occasional car of boards.

The Weyerhaeuser organization has for years studied industrial lumber needs. It has found that the best way to serve American Industry is to have ready at all times for a group of permanent customers the exact type of lumber in the correct grade, size and quantity they desire.

Such a service has its beginning way back in the forests, where trees that yield particular types of lumber that fit specific requirements, are marked for special cutting. Close grained, slow growth, even textured, cork-like White Pine logs, for example, are set aside for pattern stock. The same careful selection is practiced for all of the varied softwood requirements of industry.

Such painstaking efforts to serve industry are made possible through utilization of the vast resources and specialized equipment of the Weyerhaeuser organization.

A large timber supply of fifteen different species, and many types within these species, sufficient for decades of cutting.

Scores of logging camps guaranteeing a steady stream of suitable raw material.

Fifteen complete modern manufacturing units.

Seasoning processes that prepare lumber scientifically for each exacting need.

Distributing facilities backed by fifteen immense mill stocks and two great strategically located distributing plants.

A corps of salesmen trained to think as purchasing agents and buyers have wished for lumber sellers to think.

EACH year more and more concerns realize what this type of lumber service means.

The Weyerhaeuser Sales Company distributes Weyerhaeuser Forest Products through the established trade channels. Its principal office is in Spokane, Washington, with branch offices at 208 So. LaSalle St., Chicago; 220 Broadway, New York; Lexington Bldg., Baltimore; and 4th and Robert Sts., St. Paul; and with representatives throughout the country.

WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA



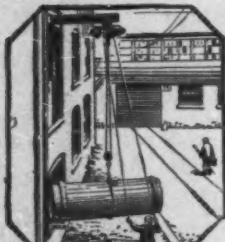
Producers for industry of pattern and flask lumber, factory grades for remanufacturing, lumber for boxing and crating, structural timbers for industrial building. And each of these items in the species and type of wood best suited for the purpose.



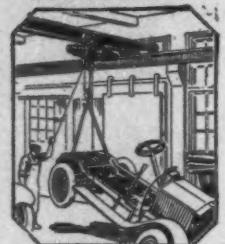
THE SHEPARD ELECTRIC LIFTABOUT

Production Costs are often largely Handling Costs

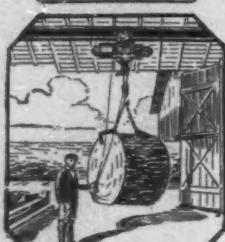
FOR example, the cost of producing ice is almost entirely a matter of the costs of handling it. In the ice industry, one might say that production is synonymous with handling. Anything saved from handling costs is thus directly saved from production costs. No ice manufacturer today can depend on old-style methods of handling, if he entertains hopes of meeting competition successfully. For how much would it cost him to duplicate, by any other means than LiftAbouts, the record here quoted from a chief engineer's report?



*Ice Service Co., N. Y. C.
W. 18th St. Plant
Daily output 525 Tons
Handled by 8 LIFT-
ABOUTS
1 Man to each LIFT-
ABOUT
Each produces 70 Tons
daily
1,000 lb. loads—4 opera-
tions
Speediest hoists ever
used
Production increased
greatly
Never a delay or repair*



But why confine this economy to the Ice Industry?



WHAT LiftAbouts are doing for the ice manufacturer, they are accomplishing for any industry where goods, pieces, or assemblies up to a ton are to be handled. Whether or not your handling processes are an integral phase of your production, whether or not speedier handling will mean for you quickened production—the LiftAbout will bring you cheaper handling, by cutting down your labor costs. It is operated by one man—any man—anywhere.

*Shepard also builds Electric Cranes
and Hoists in capacities to 30 tons*

SHEPARD ELECTRIC CRANE & HOIST CO.
436 Schuyler Avenue, Montour Falls, N. Y.
Branches in principal cities
Member Electric Hoist Manufacturers' Association

 **SHEPARD**
ELECTRIC CRANES & HOISTS



*This little folder
suggests many
possible LIFT-
ABOUT uses, by
picturing actual
installations.
SEND FOR IT*



has made all business speculative to some extent. This fact, coupled with despondency for the future, has had a tremendous influence in undermining the business morale.

Without a moratorium, I do not believe Germany can pay another cent of reparations, to the real advantage of the Allies. In other words, without at least a year's respite, I am convinced that every payment insisted upon now will multiply the difficulties to payment in the future. On this point the United States has a direct interest, owing to the large sum of some \$200,000,000 due from Germany for the maintenance of the American forces on the Rhine, not to mention any reduction of Germany's capacity to buy from us.

One of the results of the conditions characterized by the "flight from the mark" is also the widely-extended practice of German merchants refusing to make foreign trade contracts except in dollars or other high currency exchange. This was even carried into domestic transactions to such an extent that only recently German chambers of commerce protested against the practice.

Elements of Stability

TWO elements of stability are still manifested in the situation; the first and most important is the lack of unemployment. It is true that the situation is to some extent aided by public works, government housing propositions and repairing streets and other undertakings of the central government or local authorities. But many factories have orders for six months ahead. So long as this condition of occupation and production continues it is difficult to see how any spectacular change can take place.

The second outstanding element of strength is the maintenance of business organization which has characterized German trade in pre-war years and made it effective and powerful. The great commercial organizations such as the German Association of Industry and Commerce (Deutsche Industrie und Handelstag), the Commonwealth Union of German Industry (Reichsverband der Deutschen Industrie), the Central German Banking Association (Centralverband der Deutschen Bankiergewerbes), the Central Union of German Wholesalers (Centralverband der Deutschen Grosshändler), etc., appear to maintain their organization.

These two facts have a powerful bearing on Germany's capacity to recover if given a breathing spell. The dangers of the situation are the shortage of coal and the high cost of food and clothing, acting upon a demoralized population, controlled by an inexperienced and relatively weak government.

An unsettling feature of the situation is the process I have already referred to, by which money is changing hands from perhaps the best element of the population into the hands of a new and less responsible element. Those who lived on investments or fixed salaries, including the very large military class, are gradually being reduced, in many cases, to abject poverty. Profiteers, speculators and a less worthy element generally are taking their place.

Numerous inquiries made in all parts of Germany fail to show that skilled and unskilled labor are much worse off than before the war. They still earn a living wage, and owing to the rent and housing law are lodged as well, if not better, than before. An example of this was reported where the foreman of a factory was found to pay what amounted to \$12 gold for the annual rent of a ten-room house.

The lack of unemployment is a reflection

of the occupation of German industry. No doubt even the large concerns are earning profits very much less than before the war; the fact, however, would appear to remain that they are earning profits and are not running at a loss.

The imponderable elements as usual cannot be fully known nor accurately measured, but they constitute an ominous background upon which to project the results of further pressure by the Allies.

Under the present import restrictions, there is no general market whatever for American manufacturers.

Gasoline Tax to Build Good Roads

ON THE theory that those who derive the greatest benefit from good roads should bear their burden of the upkeep, Thomas H. MacDonald, chief of the Bureau of Good Roads, has figured that it is possible to raise a revenue for this purpose of \$40,000,000 annually by imposing a tax of one cent a gallon on the gasoline used in all varieties of motor-driven vehicles using the public highways. His idea is not an original one. The plan is now in effect in several states, and more are expected to adopt it during the coming year.

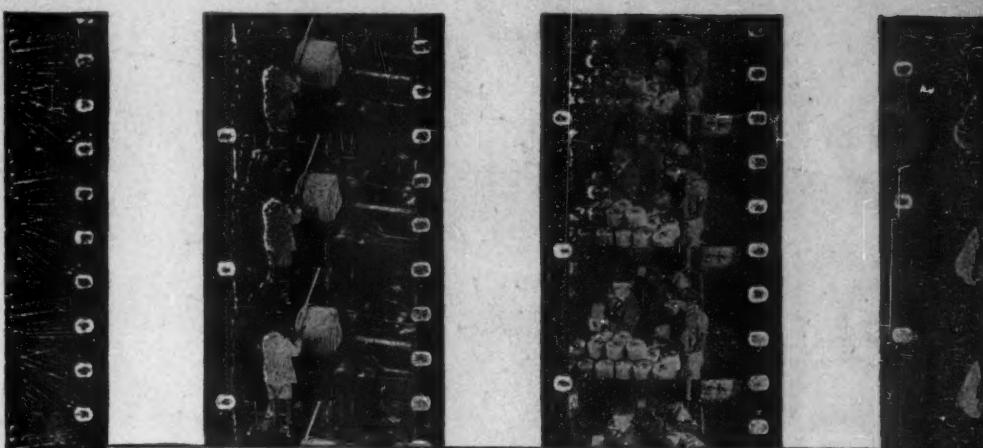
"This method of raising funds," says Mr. MacDonald, "is rapidly growing in favor and has been adopted in Arizona, Arkansas, Colorado, Connecticut, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Montana, New Mexico, North Carolina, Oregon, Pennsylvania, South Carolina, South Dakota, and Washington. Of these states, only Oregon, New Mexico, Colorado and Kentucky had such a tax prior to January 1, 1921. The tax in Maryland, Mississippi and South Carolina has been adopted during the present year and several other states are considering such a tax."

This system of levying taxes on those who benefit the most has been worked on by many experts, and various plans have been successfully worked out for the apportionment of heavy assessments for the public improvements over large areas. In this way both those directly and those indirectly benefited pay their share.

Plan Two Trans-Atlantic Palaces

EXCITEMENT was caused in shipping circles throughout the world by the announcement of the organization of a new \$30,000,000 American steamship company, which plans to construct in the yards of the Newport News Dry Dock and Shipbuilding Company two 70,000-ton electrically driven passenger liners of 1,000 feet length, which are to be operated under the American flag. Plans for the construction of these two mighty monarchs of the sea, which will exceed by 13,000 tons the tonnage of the *Majestic*, now the largest vessel afloat, are being drawn, but construction work will not begin, it is stated, until the pending Ship Subsidy Bill has been enacted into law.

In some quarters, the announcement of Mr. Homer L. Ferguson, president of the Newport News Company, has been interpreted as propaganda for the pending legislation. Senator King (Democrat), of Utah, seeking to ascertain if Chairman Lasker of the Shipping Board had agreed, in the event of the passage of the Ship Subsidy Bill, to advance \$25,000,000 in government funds to the promoters of the new company, introduced a resolution in the Senate calling for an



Pathéscope SAFETY STANDARD Film Service

The Plymouth Cordage Company "Says It in Movies"

The illustrations above are extracts from a 3,000-foot industrial film made for the Plymouth Cordage Company by The Pathéscope Company of New England, under the personal direction of Mr. E. P. Cornell. "The Making of Rope" is more than merely a splendid educational feature—it is a powerful sales force in which the arguments of quality and quantity production are presented vividly and convincingly.

This is a busy age and pictures can tell a story more quickly, more accurately, and more vividly than hours of talking. The Japanese have an appropriate proverb, "One look is better than a thousand words."

An Industrial Motion Picture will fit your problems perfectly—it is a made-to-order product, not adapted to, but built around your business, for you specially.

Shown to your sales prospects, it never becomes entangled in argument, nor wastes time on personalities. It gets the prospect's attention riveted right on your pictured story and registers impression after impression, fact after fact convincingly, interestingly.

Our Industrial Department is equipped to render an important and complete service to advertisers. It made the most successful industrial motion pictures produced during 1921. The Pathéscope Film Service is one of undivided responsibility. We write the scenario, take the picture, make the prints, arrange distribution, and supply New Premier Pathéscope portable projectors.

The New Premier Pathéscope can be used by any of your men, anywhere, any time. It

is so exquisitely built that its large, brilliant, flickerless pictures amaze expert critics. Uses only "Safety Standard" film. It is safe. The Underwriters' Laboratories, Inc., have set their Approval Seal on every "Safety Standard" film and Pathéscope projector. No fireproof booth or licensed operator is required.

The use without a fireproof booth of any projector capable of using ordinary inflammable film, no matter by whom approved, violates State, Municipal and Insurance restrictions.

Be guided by the experience of the following concerns who are using New Premier Pathéscopes, many of them after unfortunate experiences with other portable projectors.

American Mutual Liability Ins. Company,
Babcock & Wilcox Company,
Baldwin Locomotive Works,
Boston Woven Hose & Rubber Company,
Colgate & Company,
Economist Film Service,
General Electric Company,
International Correspondence Schools,
International Mercantile Marine,
Kirkman & Sons,
Lock Joint Pipe Company,
Moser Safe Company,
National Biscuit Company,
National Cash Register Company,
Ottis Elevator Company,
Plymouth Cordage Company,
Rinehart Cordage Company,
Robins Conveying Belt Company,
Charles A. Schieren Company,
E. A. Stevenson & Company (Spredit),
Tide Water Oil Company,
United Drug Company,
Wall Rope Works,
and many others.

We will be glad to explain and demonstrate the Pathéscope Film Service either in your office or at the Pathéscope Salon. Write for booklet, "Selling with Motion Pictures"

The Pathéscope Co. of America, Inc.

Willard B. Cook, President

Agencies in Principal Cities

Suite 1851 Aeolian Hall, New York City



THE YOUNGSTOWN PRESSSED STEEL COMPANY

AUTOMOBILE PARTS - PRESSSED STEEL SPECIALTIES
DEALING IN MAHOGANY EXPANDED METAL LATH
EXPANDED METAL SHARON CORNER CHANNELS
PARKER AND AMERICAN CORNER BEAD

WARREN, OHIO

September 26, 1922.

Mr. Merle Thorpe,
Editor-in-Chief, Nation's Business,
Washington, D. C.

Dear Sir:-

Our President, Mr. W. W. Galbreath, has asked the writer to forward to you the enclosed inquiry which we received direct from Dunell, Ebdon & Co., P. O. Box 92, Port Elizabeth, South Africa, who were prompted in writing us as you will note, by seeing our ad in the Nation's Business.

We thought this would be particularly interesting to you as coming from a foreign country.

Yours very truly,

THE YOUNGSTOWN PRESSSED STEEL COMPANY
Chas. A. Morrow
Manager of Sales

CAM:D

Yes,
it is
interesting!

BUILDERS SUPPLIES

DUNELL, EBDEN & CO.

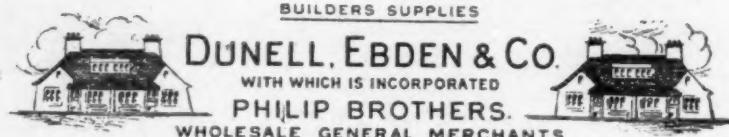
WITH WHICH IS INCORPORATED

PHILIP BROTHERS.

WHOLESALE GENERAL MERCHANTS

AND

PRODUCE BROKERS.



P.O. Box 92.

PORT ELIZABETH.
SOUTH AFRICA.

19th July 1922

TELEGRAPHIC ADDRESS
"DUNEBCDEN"
CODES BENTLEY'S, A.B.C.S. EDITION

AGENCIES

HALL'S DISTEMPER.
BIRCH'S
PAINTS AND VARNISHES.
"BARRETT'S"
ELASTICUM
FOR REPAIRING ROOFS.
"PROFIT"
FOR PROOFING CEMENT.
DISINFECTIC BOARD.
WADSWORTH'S LIPSTICK.

JEWELRY
IN ALL ITS BRANCHES.
TIMBER.
CEMENT.
PAINTS, OILS AND
VARNISHES.
AND PAINTERS'
BRUSHWARE.
CORRUGATED IRON
AND RAINWATER
GOODS.
ZINC.
ROOFING.
PLAIN AND FANCY
GLASS.
BRATES AND
MANTLEPIECES.
NAILS, SCREWS.
BRASS FOUNDRY.
BLACK FOUNDRY.
GENERAL BUILDERS'
IRONMONGERY.



Messrs : -
The Youngstown Pressed Steel Co.

WARREN, OHIO. U.S.A.

Dear Sirs,

In the June edition of the "NATION'S BUSINESS", we note your advertisement for Rolled and Pressed Steel Fence Post Tops, which appears to us to be what is wanted in this country. At present there is a big movement in favour of vermin proof fencing, all of which is being fitted with the extending tops. Generally speaking these are being made by hand from light Bar Iron.

We suggest that you post us a sample of each of the Tops made by you, and we could then determine whether the fitting is suitable for local requirements.

The Posts used here are of the Bulk Tee Pattern Rolled Standard, section as sketch herein, and we would like an estimate of what it would cost to make these in quantities of say from ten to twenty thousand, and what time would be required for delivery.

Would you be prepared to give us the control of any pattern made from particulars give you by us? We have a large selling organization, and are in close touch with the Fencing trade throughout the country. If references are required we would refer you to Messrs Smith, Kirkpatrick & Co. Inc. 10 Bridge St., NEW YORK, or the National Bank of S. A. NEW YORK.

Yours faithfully,

Dunell, Ebdon & Co.

THE
NATION'S BUSINESS
WASHINGTON

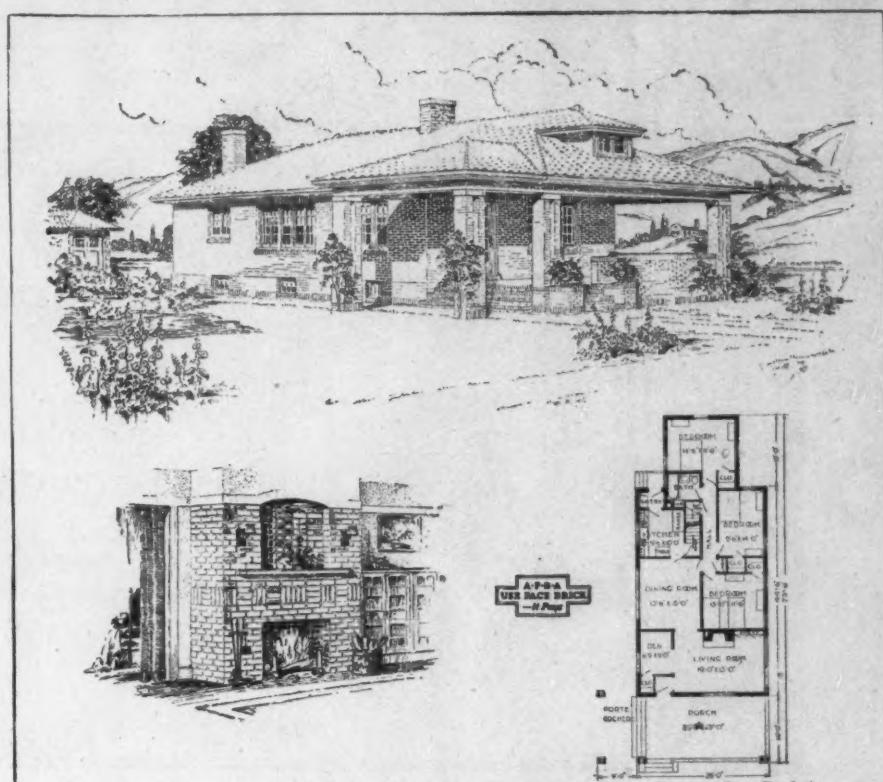
investigation. This brought forth a letter from Chairman Lasker to Senator Jones (Republican), of Washington, Chairman of the Senate Committee on Commerce, relative to the proposed new ocean Leviathans. Chairman Lasker, in part, said:

In reply to inquiries from newspaper men as to whether the Shipping Board had any requests for loans for construction purposes, I stated that we had no formal requests, but that in an informal way a new company that was being projected on paper (but for whose ultimate formation I could in no wise stand guarantor) had asked whether they could borrow as much as \$25,000,000, provided they put up \$45,000,000 of their own money into building new ships, of which two would be 70,000-ton ships; in other words, if, out of the construction-loan fund which the Shipping Board is authorized by law to create, the Shipping Board was prepared to lend \$25,000,000 for which we would get as security \$70,000,000 worth of ships, two of which would be the mightiest ships in the world, and which two ships would do much to balance America's sadly unbalanced merchant marine. . . . I explained to the person making the informal inquiry that they would have to formally organize their company, pay in their money, submit the definite plans of the ships, and at such time the matter would be taken up with the entire Shipping Board for consideration. I am happy to state to you, though, that I was much impressed by the stability of the people who made the tentative inquiry, and feel that they are serious in their desires to build ships that will be crown jewels in our merchant marine. Whether or no they will proceed as they stated will depend on the fate of the pending bill to aid merchant shipping, but in the interim they are having plans drawn for their ships.

Practical shipping men have raised the question as to whether passenger liners of this magnitude can be operated at a profit, even with a government subsidy. Many who have labored long and well for upbuilding a strong American mercantile marine believe that passenger vessels less pretentious in their appointments would serve a better purpose, since in time of emergency the liners would be more readily converted into useful war purposes. There is, of course, another side to the question. This point of view is well brought out by the *Boston Transcript* in these words:

These vessels would be a source of national pride, something in which all Americans, whether born on the Atlantic seaboard or on the plains of the interior, could take pride. They would cause men to turn their eyes toward the sea and follow the efforts of the United States to win again a place on the sea. They would sharpen our interest in maritime affairs and cause more Americans than ever before to understand the stakes of maritime competition. Such stimulation of interest might go far toward offsetting the possible operating cost of the projected 70,000-ton liners. Nor would it be wise to neglect this aspect of the question.

And another point in favor of the 70,000-ton liners, which the *Transcript* seems to have overlooked, might properly be emphasized. America is sadly in need of ocean passenger vessels of sufficient tonnage and with the necessary appointments, such as swimming pools and Ritz-Carlton restaurants, so that in the future we may give passage to our own diplomatic officers under the American flag. The British, in their campaign to discredit American ships, have not been slow in making the best possible use of the fact that our highest diplomats seem to find it more convenient to travel on steamers flying the British flag.



SIX-ROOM BUNGALOW NO. 625

Designed for the Service Dept., American Face Brick Assn.

This beautiful six-room bungalow is one of the ninety-six distinctive homes shown in our "Face Brick Bungalow and Small House Plans." Note the splendid arrangement of windows, the inviting porch, the pleasing roof lines, and the compact, convenient interior arrangements.

Permanent Homes, Always Beautiful

THE beauty of your Face Brick home will be a source of never-ending satisfaction to you. And when your children pass it on to your grandchildren its original beauty will only have been mellowed with the richness of age. A Face Brick house is a family legacy, becoming richer in traditions in each succeeding generation.

Then, too, your Face Brick house is a sound investment. It depreciates almost imperceptibly, the walls require no repairs and are fire-safe, painting is required only around doors and windows, fuel costs and insurance rates are reduced to a minimum. From every point of view Face Brick gives you the greatest value for your building dollars.

These matters are fully discussed in "The Story of Brick," an attractive booklet with beautiful illustrations of modern homes and packed with information of value to every prospective home-builder. Sent free on request.

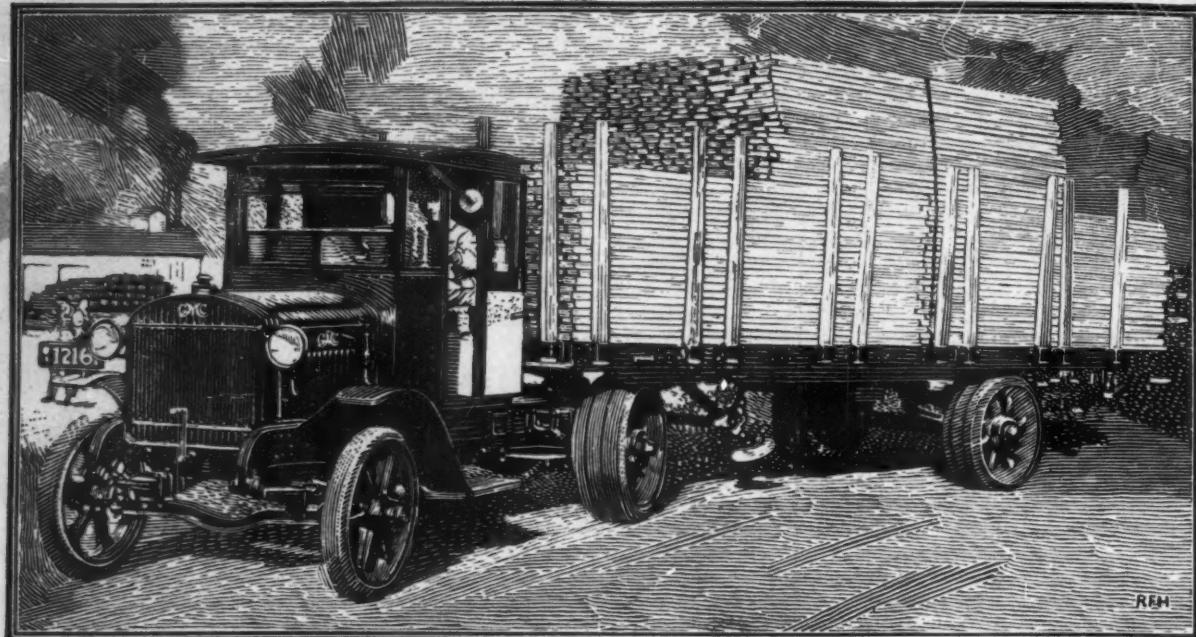
"Face Brick Bungalow and Small House Plans" are issued in four booklets, showing 3 to 4-room houses, 5-room houses, 6-room houses and 7 to 8-room houses, in all ninety-six, each reversible with a different exterior design. These designs are unusual and distinctive, combined with convenient interiors and economical construction. The entire set for one dollar. Any one of the booklets, 25 cents, preferably in stamps.

We have the complete working drawings, specifications and masonry quantity estimates at nominal prices. Select from the booklets the designs you like best and order the plans, even if you are not going to build now, for their study will be not only interesting and instructive, but helpful in formulating your future plans for a home.

You may want "The Home of Beauty," fifty designs, mostly two stories, representing a wide variety of architectural styles and floor plans. Sent for 50 cents in stamps. We also distribute complete working drawings, specifications and quantity estimates for these houses at nominal prices. Address, The American Face Brick Association, 1730 Peoples Life Building, Chicago, Illinois.

NOT HOW CHEAP - BUT HOW GOOD

"GMC TRUCKS ARE SEVEN STEPS AHEAD"



Opening the Way for Volume Truck Haulage

GMC Truck Tractors, By Cutting Costs In Two, Now Make It Profitable To Transport Heavy Loads Over Highways

Development of the GMC Truck Tractors, with semi-trailer and four wheel trailer equipment, has for the first time made possible the economical transportation by motor truck of big tonnage loads.

GMC Truck Tractors produce more pulling power, more speed and more economy than ever before has been produced in any one truck unit.

Equipped with the GMC Two-Range Transmission, which multiplies economical engine power into new and almost unheard of power at the wheels, and into higher road speeds—these tractors will haul semi-trailer and trailer loads through heavy roads and up grades where other motor

truck equipment cannot travel.

Loads as great as 15 tons can now be transported with a saving, in certain cases, of as much as 50 per cent over old style equipment, and with a distribution of the load that meets every requirement of safety to the structure of the highways.

Trailers and semi-trailers cut loading and unloading time to a minimum. They allow the wonderful power, speed and economy produced by this GMC Truck Tractor to be utilized to its fullest measure—not limited by what the truck alone can carry.

Write for a new illustrated booklet "Modern Freight Transportation."

GENERAL MOTORS TRUCK COMPANY—Pontiac, Mich.
Division of General Motors Corporation

GMC Truck Tractors are Made in Three Sizes for Hauling Loads of 5, 10 and 15 Tons: The Chassis Prices are 5-Ton, \$2450; 10-Ton, \$3700; 15-Ton, \$4050

General Motors Trucks

GMC Truck Chassis list as follows:
1-Ton, \$1295; 2-Ton, \$2375;
3½-Ton, \$3600; 5-Ton, \$3950



All Prices are for Chassis only,
at the Factory. Tax to be Added